

DISSERTATION

WHAT IS HETERODOX ECONOMICS?

Submitted by

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In partial fulfillment of the requirements

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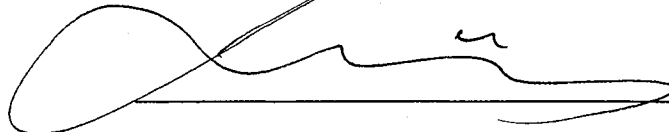
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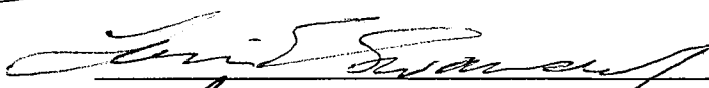
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ABSTRACT OF DISSERTATION

WHAT IS HETERODOX ECONOMICS?

The nature of heterodox economics currently eludes description. Preliminary research suggests that heterodox economics is not coherently defined and that those individuals who identify their work as such appear to do so in isolated groups with little interchange. What is necessary in order to understand the iconoclastic opposition of the heterodoxy and ultimately, their purpose, is an articulation in the differences between them as well as their research program, in addition to those features of the heterodoxy remain underdeveloped. The purpose of this study is to uncover this dissent and provide clarification of the heterodoxy through an examination consisting of three parts: a tertiary review of history of economics texts, a secondary literature review of contemporary discourse, and a survey of historians of economic thought. Given the historical groping in economics for meaning, purpose, and method, confusion in identity is understandable but not inevitable. It is hoped that this study will provide some degree of clarification and articulation in this regard.

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Dedication

In memory of Alton J. Utleby, who imparted to me the value of knowledge.

In honor of J. Ron Stanfield, who imparted to me the knowledge of value.

I am forever indebted to you both, the two greatest teachers, most passionate scholars, and finest human beings I have ever known.

het-ero-dox

(hĕt'ə-rə-dŏks')

adjective

Late Latin *heterodoxus*, from Greek *heterodoxos*, from heter- + doxa

1. Contrary to or different from an acknowledged standard, a traditional form, or an established religion: unorthodox, unconventional
2. Holding unorthodox opinions or doctrines

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CHAPTER 1: INTRODUCTION: WHAT IS HETERODOX ECONOMICS?

“It’s not so bad to be out of the mainstream...” – Bill Maher

Disagreement over the scope and method of economics appears endemic to the discipline. Since its intellectual inception, the development of theory has been accompanied by divergence of thought. Through the years, as mere dissent congealed into a more established and organized form, the divide between the generally accepted lines of reasoning and those less heeded became more pronounced until two camps, orthodox and heterodox emerged. Current scholarly literature, however, clouds the dichotomy preventing clarification and hence articulation of the heterodox tradition.

In the beginning, or at least when discussion began to take a more academic form, there was Adam Smith and *political* economy. Smith and his classical cohorts, Ricardo, Malthus, and the younger Mill, studied an integrated version of economics, one not divorced from its political counterpart. A generation of intellectuals later with the Marginalist Revolution and the dawn of neoclassical theory, economics shed its unruly adjective and asserted itself as a *science* in its own right. With the passing years, the economics discipline in general began to enthusiastically embrace the rigor and absoluteness promised by the natural sciences. Not all economists followed suit and the critique and dissent that had been present all along began to congeal into a more copious body of thought.

Contention, however, is not new to economics. Since its recognized intellectualization with the work of the classical economists, critics have abounded. Disagreement in economics materializes in tandem with theory, particularly with respect to methodology. To this extent, heterodox economics generally appears to embrace many of the issues that the discipline tossed aside or relegated to applied work as it strove to assert itself as an economic *science* and not *political* economics. The shift in focus to economic efficiency as opposed to that of economic progress provides a clear illustration of the orthodoxy's abandonment of what would appear to be an important theme for self-identified heterodox groups. Moreover, the orthodoxy's exclusion of such questions as the influence of power and the behavior of the state with respect to class issues present further examples. What remains to be seen is whether heterodox economics by including such issues contains an integrating or underlying theme. By the latter half of the twentieth century, the formalists appear firmly entrenched, yet the cacophony of dissenting voices has yet to be quieted. Despite the stranglehold the orthodoxy appears to have retained on the profession and the crowding out of institutional study from the economic curriculum (Klamer and Colander, 1990, 195), the heterodoxy endures.

The Need for Clarification

It is not evident that heterodox economics presents a core program of study or even a central agreement regarding the limitations of orthodox economics that might serve as a point(s) of distinction. Furthermore, it is currently not clear what divides orthodox and heterodox economics. The nature

of that division, whether it constitutes a sharp break, contains areas of overlap, or even exists is likewise unclear. Such lack of clarity would seem to suggest a diverse range of conceptualizations of the term “heterodox economics.” Indeed, if heterodox economics suggests a diversity of opinion, then the accuracy in the application of the term must be addressed.

The nature of heterodox economics thus currently eludes succinct description. Preliminary research suggests that heterodox economics is not coherently defined and that those individuals who identify their work as such appear to do so in isolated groups with little interchange. What is necessary in order to understand the iconoclastic position of the heterodoxy and ultimately, its purpose is an articulation in the differences between the mainstream and heterodoxy. This articulation would serve to elucidate the heterodox research program or programs, as well as those features of the heterodoxy that remain underdeveloped. The existing heterodox literature offers no clear consensus in this regard; indeed, it displays considerable inconsistency.

The Importance of Clarification

Heterodox economics undoubtedly exists in some modern incarnation as dissent against the formalist, mainstream delegation claims a persistent voice. The increasingly formalized call for reform of orthodox economics and the growing use of the term heterodox would seem to indicate as much. For all the disparity found in the literature regarding the term heterodox, on one premise the majority agrees: that the main objective of any heterodox agenda is to reform the orthodoxy. If there exist more common grounds upon which to build, it is likely

that increased interchange between heterodox programs would be productive. Clarity with respect to heterodoxy would therefore not only advance the research program of heterodox economics, but also by default, lend clarity, focus, and therefore strength to the calls for reform.

Despite confusion with respect to the nature of heterodox economics, it appears to have a very long history and to be enjoying recent growth. Dissent against the mainstream of the relevant time period resonates throughout the economics profession. Since the post-World War II period, the economics profession experienced a distinct splintering into various groups of thought, many of which may be interpreted as heterodox. While the size of these diverse heterodox groups remains small relative to its orthodox counterparts, the number suggests a broad range of interests represented by the heterodoxy. As the adoption of the appellation “heterodox” proliferates and the call for reform escalates, the need for clarification in scope, method, and purpose becomes more imperative for the future direction and potency of the heterodox research program.

While dissent and critique prove a constant presence in the history of economic thought, the term “heterodox” is relatively new to the economic lexicon. The Association for Heterodox Economists, the only existing association with the term ‘heterodox’ in its name, somewhat officially established itself with a fringe conference sponsored under its name at the Royal Economic Society’s March 1999 conference at Nottingham University (Lee, 2002a, 7). The June 1999 History of Economics Society Conference hosted a roundtable to discuss the

issue of “The Progress of Heterodox Economics,” although heterodox was very broadly defined in the opening remarks as “encompassing all non-orthodox ideas and approaches” and that “the borderline between heterodox and orthodox is unclear, and changing over time” (Coats, 2000a, 146). The formation of associations and conference sessions, roundtables, and plenary sessions carrying the term heterodox proves to be a rather new development, but one that is growing. Indeed, the notion of ‘heterodox economics’ currently holds wide currency.

Whatever the nomenclature, there is a mounting call for reform of the orthodoxy. Perhaps the most illustrative example is the growth of ICAPE (International Confederation of Associations for Pluralism in Economics), initially titled ICARE (International Confederation of Associations for the Reform of Economics) over the past decade. Organized in 1993 through the energy and persistence of John Adams and with the help of approximately six of the leading heterodox associations, ICAPE’s umbrella has since enlarged to cover nearly forty different associations. All of these organizations are dedicated to ICAPE’s mission to (among other items) “publicize and help develop a multiplicity of approaches to the scientific analysis” and “to promote a new spirit of pluralism in economics” (ICAPE’s statement of purpose, www.icape.org).

The Search for Clarification

The purpose of this study is to provide clarification of the modern heterodox program through an examination consisting of three parts: a tertiary review of history of economic thought textbooks, a secondary literature review of

contemporary discourse, and a survey of historians of economic thought. With these three components, an articulation of modern heterodox economics should emerge that reveals not only its contentions with the mainstream, but also whether or not any consistent or coherent research program exists. Given the historical groping in economics for meaning, purpose, and method, confusion in identity is understandable but not inevitable. It is hoped that this research will provide some degree of clarification, articulation, and distinction in this regard.

Generally speaking, the development of new ideas, new shifts or modifications to the prevailing paradigms or economic taxonomies, follow an ordered chronology of events. Change would seem to begin at the level of discourse, formal and informal, between economists at conferences, within personal correspondence, or perhaps via email discussion lists. Once discussion has reached some critical mass and sufficient thought and attention been brought to its existence, the discourse begins to appear within the secondary literature, first in articles, perhaps as a market test for new ideas, then in books. The final stage in the chronology of publication is the textbook. Indeed, a broad consensus is required for the inclusion of new ideas into textbooks, more so than that required of the secondary literature, because without broad consensus there cannot be broad textbook adoption. In order to perform a thorough search of the literature to discern whether consensus exists with respect to the term "heterodox," the natural starting point would therefore seem to be at the end of the publication process. By working backwards, the level of consensus should be revealed as well as its solidity and maturity. It is for this reason that a search

for consensus regarding what constitutes heterodox economics or heterodox economic ideas should begin with textbooks and work backwards through the chronological procession.

Chapter two presents a review of history of economic thought textbooks. A review of the history of economic thought textbook literature serves as a convenient starting point for this endeavor towards articulation. Given the broad mission and limited space, these texts typically offer a heavy sampling of orthodox ideas. As such, current economic thought that might be considered dissenting is either relegated to a catchall chapter, omitted altogether, or mentioned alongside orthodox ideas specifically for the purposes of contrast. Any of these methods of presentation ultimately serves to distinguish the conventional approach from dissent and communicates the perceived significance of heterodox economics in the discipline. Regardless of the manner in which dissent is discussed (or not discussed), agreement among history of economic thought textbooks with respect to what encompasses dissent would serve in the articulation of heterodox economics.

The secondary literature, more specifically, the published journal articles and books that discuss dissent in economics, presents the next stage in the publication process that must be explored for consensus regarding heterodox economics. Chapter three explores the term heterodox as generically employed within the secondary literature, while chapters four through nine focus specifically on those groups of thought determined by the preceding chapters to be potentially heterodox. Austrian economics is examined in chapter four; Original

Institutionalism and New Institutionalism in chapters five and six, respectively; Post Keynesianism in chapter seven; Marxist and Radical economics are both examined in chapter eight; and chapter nine surveys a miscellany of smaller groups of thought referenced by some of the secondary literature as heterodox. By examining the secondary literature, the conversation among current professional economists with respect to heterodox economics comes into focus. Literature by both heterodox and history of economic thought authors will be explored in order to cast as wide a net as possible to discern not only the placement of different groups of thought within or without heterodox economics, but also in order to understand the scope, methodology, theory, and ideology of the respective groups. By piecing together a picture of the individual research programs of different potentially heterodox groups of thought, shared elements or themes may emerge that prove instrumental in finding a common thread that connects heterodox groups together.

The final clues to the heterodox puzzle emanate from contemporary historians of economic thought. Historians of economic thought would seem best suited to relate the modern position of the heterodox paradigm, as they will ultimately record its genesis, progress, and potential demise or triumph. At the 2003 History of Economics Society Conference, dialogue with the current experts in the field shaped questions that then formed the basis of a survey questionnaire. This survey, later distributed to various members of several history of economic thought professional associations throughout the world, queries participants with respect to their opinions on and perceptions of the

nature and status of the modern heterodox program and its constituent groups. Chapter ten details the mechanics of the survey process and chapter eleven presents the results of the survey. Concluding remarks are presented in chapter twelve.

If indeed historians of economic thought are the bearers of tradition and thereby charged with the task of preserving the contributions and declarations of various paradigms throughout the history of the discipline (Landreth and Colander, 2002, 13), then certainly heterodox economics warrants clarity and their further examination. The study of heterodoxy even in its contemporary state should be considered fair game for the scrutiny of historians of economic thought for, "...from the instant that a passage of economic doctrine is written, it becomes a potential subject for the study of the history of thought" (Walker as quoted in Llodewijks, 1995, 134). Study of and relation to current doctrine could as well serve as a healthy addition to the domain of the history of economic thought, especially with respect to the reasoning behind the rise and either success or demise of traditions of thought within economics (Llodewijks, 1995, 139). Historians of economic thought therefore stand in a unique position and play a distinctive role in the analysis, documentation, and canonization of current discourse in the annals of economic thought.

Since heterodox economics includes many elements of past visions of economic issues, the history of economic thought must treat heterodox economics to some extent in substance if not in name. As interpreters of previous thought and transcribers of current and future theory these economists

should be the best equipped to provide an interpretation and assessment of the heterodoxy, or at the very least, spell out its contention with orthodox economic thought. In the end, it is to the work of the historians of economic thought to which future generations will turn for this insight. Without an articulation and interpretation of current movements, especially those which have been marginalized in the profession, the contributions both direct and latent may be swept under the whiggish rug. Due diligence is imperative as “(historians of economic thought) are, after all, the custodians of the inventory of economic ideas” (Barber, 1990, 112).

CHAPTER 2: HETERODOX ECONOMICS IN THE TERTIARY LITERATURE

“I don’t care who writes a nation’s laws, or crafts its advanced treaties, if I can write its economic textbooks” Paul Samuelson (in Cohn, 2000, 2).

History of economic thought textbooks were chosen because of their focus and intent on the organization of economic ideas. The general pattern in the presentation methodology of any history of economic thought textbook as discerned through the table of contents would seem to hinge more frequently, although not always or exclusively upon the chronological development of groups of thought as opposed to the more comprehensive chronology of individual ideas. Indeed, the limits of book space and classroom time, in addition to the pedagogical technique of ‘chunking’ ideas into more easily digestible units of study, demand this type of organization. Such organization requires coherent links between individual ideas that form a broader research program. If any consensus regarding the nature of the heterodox economics research programs has been firmly established, it should therefore appear as such within the history of economic thought textbooks. Given the rather recent revival of the term heterodox within the last decade and the goal of an assessment of the current heterodoxy, only textbooks published since 1991 were included in this tertiary survey.

Heterodox Economics

Of the thirteen current History of Economic Thought textbooks reviewed (Table 1.2), only one contains a section labeled “Heterodox Economic Thought”

within its table of contents. While some of the textbooks include a section that groups together modern dissenters from the mainstream, there does not appear to be a standardized title for these dissenters. In fact, only five of the thirteen textbooks surveyed, Hunt, Landreth and Colander, Rima, Screpanti and Zamagni, and Spiegel, discuss modern dissent from the orthodoxy in either a distinct chapter or section. These five textbooks employ different methods of organization as well as include different groups in their respective discussions. Additionally, it would appear that most textbook writers use as descriptive a phrasing as possible in order to articulate the spirit of these modern day economic heretics, employing such adjectives as dissenting, alternative, critical political economy or periphery to describe groups outside of the mainstream. Indeed, while modern heterodox economics is acknowledged by some textbook authors, an agreed upon name for such economic thought would not appear to have reached enough consensus within the discipline to warrant a specific taxonomic reference. Moreover, given that not all of the textbooks allocate a formal space for modern dissent, it would seem that at present heterodox economics does not offer a robust enough body of thought to warrant a standard section within history of economic thought textbooks.

Table 2.1: History of Economic Thought Textbooks	
<u>Author</u>	<u>Title</u>
Blaug	<i>Economic Theory in Retrospect</i>
Breit and Ransom	<i>The Academic Scribblers</i>
Brue	<i>The Evolution of Economic Thought</i>
Ekelund and Hebert	<i>A History of Economic Theory & Method</i>
Fusfeld	<i>The Age of the Economist</i>
Heilbroner	<i>The Worldly Philosophers</i>
*Hunt	<i>History of Economic Thought: A Critical Perspective</i>
*Landreth and Colander	<i>History of Economic Thought</i>
*Rima	<i>Development of Economic Analysis</i>
Roll	<i>A History of Economic Thought</i>
*Screpanti and Zamagni	<i>An Outline of the History of Economic Thought</i>
*Spiegel	<i>The Growth of Economic Thought</i>
Vaggi and Groenewegen	<i>A Concise History of Economic Thought</i>

* includes separate chapter or section on dissenters

Three of the textbooks group modern dissenters under different headings. Landreth and Colander (2002, 469) sort modern heterodox thought into five categories within its chapter titled "The Development of Modern Heterodox Economic Thought": Radicals; Institutionalists, including "modern," "quasi," and "neo" Institutionalists; Post Keynesians; the Public Choice group; and neo-Austrians." This is by far the most prolific list and the only textbook chapter or section to include the Public Choice group or to divide the modern Institutional group in such a manner. In his discussion of modern dissent that consists of a section within a chapter titled, "An Expanded Profession in Search of New Frontiers," Spiegel (1991, 668) refers to "peripheral movements" or "fringe movements." Among these non-mainstream groups, Spiegel (1991, 669, 671) discusses Radical economics and neo-Austrians, as well as a group of thought not listed in other textbooks: Supply Side economics – economics as exemplified through the economic policy of the Reagan administration. Rima (1991, xv) lists

the Neo Institutionalists, Radicals, Post Keynesians, and Austrians under the chapter title, “Some Modern Controversies.” In the introduction to the unit in which this chapter appears, however, Rima (1991, 486) lists three groups under the title of “Critics”: Post Keynesians, Institutionalists, and Marxists while Austrians are organized under the heading of “The Main Stream.” It would appear that some nuanced differentiation has thus been made, but the nature of that differentiation is not transparent.

The remaining two textbooks use similar, very generic titles for their respective discussions of modern dissent. Screpanti and Zamagni (1995, xiii) provide a chapter titled “Contemporary Economic Theory: III” in which they discuss the neo-Institutionalists, the neo-Austrians, the neo-Ricardians, and the Marxists. Hunt (1992, ix) likewise organizes two groups under the heading of “Contemporary Economics II: Institutionalism and Post Keynesianism,” but within the chapter details the work of Ayres, general Post Keynesian economics, and Sraffian economics. Additionally, and as a separate chapter onto itself, Hunt discusses “Critical Political Economy;” a tradition that would seem to be exemplified by current radical economics. While the reasoning behind using non-descript chapter titles such as “Contemporary Economics” is not explained, it might be speculated that the authors are attempting to make a statement regarding the validity of heterodox economic thought – that it should not be considered a special case, but rather a different approach to the discipline. Indeed, other authors, such as Fusfeld, appear to seamlessly intertwine dissenting arguments into the discussion of the evolution of economic thought

with no real distinction made between mainstream and non-mainstream ideas. It would therefore not seem clear whether the lack of discussion of dissent is the result of a lack of articulation of the heterodox program or the result of deliberate attempts to integrate heterodox ideas into the discipline itself.

Although there is not a separate chapter or section set aside for dissent, Brue includes the evolution of conflicting ideas within a chronological timeline on the inside cover of his textbook. This time line delineates the emergence of groups of economic thought through time with arrows connecting each subsequent group to the prior group that influenced its formation. What is interesting is that in the legend of this timeline, Brue (2000, inside cover) distinguishes between three types of influence: "Schools and groups mainly friendly toward predecessors," "Schools and groups mainly antagonistic toward their predecessors," and "Groups in which some...are friendly toward predecessors, but others are antagonistic." Brue thus recognizes the historical influence of dissenters on the evolution of the discipline, even though he would not seem to recognize modern dissent in a formal way.

It would thus appear that no consensus has emerged in the history of economic thought textbook literature with respect to the nature of heterodox economics. Moreover, the conspicuous absence of a section devoted to modern day dissent in seventy percent of the history of economic thought textbooks that were surveyed would appear to speak to the lack of consensus with regard to the composition, coherency, and ultimately, influence on the discipline writ large. This is not to say that all dissenters are excluded; certainly some of the more

famous dissidents of the past are included within the textbooks, indeed, all discuss the work of some of the more famous figures such as Marx, Veblen, and Keynes. As one textbook author noted, however, “except for Marx, Veblen, and Keynes, the iconoclasts of economics are accorded little space in the textbooks on the history of economics” (Rima, 1991, 544). Modern heterodox economists, it would seem, are paid scant if any attention.

Why is it that modern heterodox economics is so often neglected?

Perhaps the greatest mitigating factor in the clear absence and lack of agreement is the absence of a well-articulated heterodox economics program. As it stands, the only consensus regarding the nature of heterodox economics in the tertiary literature is that it in some form or fashion opposes the orthodoxy: “Heterodox economists have little in common besides an objection to orthodoxy” (Landreth and Colander, 2002, 497). The criticisms of the modern heterodox movement as outlined in the history of economic thought textbooks include objections to the deductive method; the equilibrium approach; the rational, maximizing, sovereign individual assumption; the efficient allocation of scarce resources via the price system; the relevancy of Say’s Law; and the general attempt of the orthodoxy to assert itself as a positive science (Rima, 1991, 418-9; Landreth and Colander, 2002, 352). Descriptions of these objections, however, would seem to describe heterodox economics via its opposition rather than by its composition, where heterodox opinion is reduced to a simplistic footnote of dissent. Furthermore, such description would also seem to rely to a sociological breakdown of the economics discipline into two social groups whereby heterodox

economics is conscribed to outsider status. As Landreth and Colander (2002, 7) state in their textbook, "...one defining characteristic of a heterodox group is 'revealed illegitimacy.' If the mainstream sees little or no value in a group's view, we define that group as heterodox."

Austrian Economics

Perhaps the most controversial in terms of where it finds its home, the heterodoxy or the mainstream, is the Austrian or neo-Austrian group. Part of the difficulty in classification would seem to stem from the historical evolution of Austrian economic thought; after all, Menger is credited with both the founding of the Austrian group and the birth of marginal analysis from which neoclassical thought developed. As such, it would seem that the Austrians are at times simply intermingled within the discussion of other topics. Indeed, within seven of the history of economic thought textbooks, the Austrians are either not discussed as a distinct group of thought or are lumped into a chapter discussing the Marginalist Revolution (Breit, Brue, Furfeld, Heilbroner, Hunt, Roll, Vaggi). Only two of the textbooks devote an entire chapter to Austrian thought; one of which outlines the development of the tradition from the time of Menger through to the modern incarnation of the group (Ekelund and Hebert), the other restricts its discussion to the Austrian theory of capital and interest (Blaug). Moreover, of the five textbooks that feature either a section or chapter on modern dissent, three classify the modern Austrian group as dissenting (Landreth and Colander, Spiegel, Screpanti and Zamagni), one states in no uncertain terms that the

Austrians are part of the mainstream (Hunt), and one would seem to suggest that Austrians are both dissenters and part of the mainstream (Rima).

To be certain, the Austrian economics of the Menger period would appear different than that of the modern era. Landreth and Colander (2002, 494-5) point to the 1960s as a watershed decade for the neo-Austrian group as it distanced itself finally and distinctly from the orthodox due to the increasing formalization of the mainstream and its increased focus on general equilibrium theory, modeling, and econometrics. According to Rima, the differences between the Austrian group of the Menger years and the current Austrian group are noticeable and thus, “the term Austrian has come to have different meanings among contemporary practitioners,” a condition that would seem to stymie further its classification either within or without of the heterodoxy (Rima, 1991, 558). This would seem particularly clear given the double taxonomy Rima (1991, 486) gives to the Austrian group, whereby they are listed as part of the mainstream and as part of chapter titled “Some Modern Controversies” (Rima, 1991, 557).

The Austrians as Mainstream

Hunt classifies modern Austrian thought as conspicuously mainstream by citing the Austrians’ application of *a priori* assumptions to all social and historical contexts. As such, Hunt contends that Austrians minimize the human element in economic decision making to that of extreme rationality and in the process, focus too narrowly on the act of exchange (Hunt, 1992, 574 and 582). The Austrian rationality/maximization argument moreover serves as the foundation for their strident advocacy for free markets, and that, “free exchange in a capitalist society

harmonizes all interests, maximizes utility, results in rational prices, results in efficient resource allocation and in general, automatically creates the best of all possible worlds” (Hunt, 1992, 580-1). Hunt further asserts that this ideological undercurrent remains unrecognized by the Austrians who claim “their theory is pure, value-free science... that only their theory merits the name economics and that their theory is equally valid for all people, in all social systems, in all times” (Hunt, 1992, 572-3).

Hunt therefore stands in adamant opposition to the segregation of modern Austrian thought from the orthodoxy, claiming that modern Austrians merely represent the conservative faction of the mainstream: “The group of neoclassical economists that advocates extreme laissez-faire capitalism... represents two separate but similar groups – the Austrian group and the Chicago Group” (Hunt, 1992, 572). The comparison that Hunt draws is not between the orthodoxy and the Austrians, but rather between the liberal and the “conservative” branches of *the mainstream*. The Austrians are thus only distinct from the more liberal branch of the orthodoxy and only within the context of their unflagging support of free markets (Hunt, 1992, 574).

While Hunt stands alone in his resolute assertion of the orthodox nature of the modern Austrian group, he is not the only author to suggest that Austrian economics displays orthodox tendencies. Rima, for instance, states that the similarities between the Austrian and markedly mainstream Chicago groups of thought are the reason that some historians of economic thought no longer consider them to be separate and distinct groups: “The emphasis of Chicago

scholars on subjectivism, marginal analysis, opportunity cost, and libertarianism became so fully absorbed into...the mainstream that some...view Austrian economics as a group whose separate identity came to an end in the 1930s” (Rima, 1991, 558). This perceived integration may be the reason that the modern Austrian group is not singled out in seven of the thirteen textbooks. Perhaps the Austrians are so much a part of the mainstream, that authors do not find it necessary to state as much.

The Austrians as Dissenters

Of the five textbooks that detail modern dissent from the economics mainstream, three suggest that current Austrian economic thought should be counted among the ranks of the dissenters. Landreth and Colander (2002, 360-1) trace the Austrian split from the orthodoxy to the years following the Second World War. As economics narrowed its focus to formalist modeling of perfect competition, the Austrian group “began to part company with mainstream neoclassical economics ...Neoclassical economics became a theory of prices; Austrian economics became a theory of economic process and institutions.” Moreover, it is contended that the modern Austrian group deems mathematical analysis as a functional and unsuitable methodology for the study of economics that should instead be non-scientistic and based upon human behavior and more specifically, human choice (Ekelund and Hebert, 1997, 509-11; Landreth and Colander, 2002, 361). The movement in economics towards econometric analysis represents another point of departure, as prediction is not as important as description for the modern Austrian group (Ekelund and Hebert, 1997, 511).

Method, however, does not present the only point of departure according to these authors – Austrian theory also differs from that of the orthodoxy. Authors would seem to find substantial departure between the “radical subjectivism” (Ekelund and Hebert, 1997, 509-10) of modern Austrian theory and that of the mainstream. As such, Austrian subjectivism is extended to include the differences in human knowledge and interpretation of that knowledge. This subjectivism then translates into utility and cost assessment that is not homogenized for the generic individual (Rima, 1991, 559; Screpanti and Zamagni, 1995, 390-1). Continuities in time, consumption, production, and the formation of tastes and knowledge are hence unrealistic assumptions of the orthodox paradigm as well as the disregard of uncertainty in the formation of choice (Ekelund and Hebert, 1997, 511; Rima, 1991, 559; Screpanti and Zamagni, 1995, 390-1). Three textbooks also highlight the Austrian belief that disequilibrium is more the rule than the exception (Ekelund and Hebert, 1997, 508; Landreth and Colander, 2002, 361; Screpanti and Zamagni, 1995, 390). Moreover, Screpanti and Zamagni (1995, 389) state that the Austrians shun universality in the laws of motion of economics and that they believe “no truth is possible.”

The modern Austrian group would seem to employ a more expanded frame of inquiry than the mainstream as well (Landreth and Colander, 2002, 360). The scope of Austrian analysis, for instance, incorporates the influence of institutions and believes in general that, “the aim of economic theory is...that of understanding both the characteristics of human action and the interrelations

among agents and institutions” (Screpanti and Zamagni, 1995, 389). This institutional focus, as Ekelund and Hebert (1997, 508 and 521) point out, as well as their efforts to humanize rational economic man and accentuate the differences between people separates the Austrians from the mainstream.

What is as interesting as the debate between whether or not the modern Austrian group should be classified as orthodox or heterodox is the implicit debate in the relevance of modern Austrian thought. That less than half of the textbooks (five out of thirteen) even mention the modern contributions of this group is would seem important. Whether this indicates that modern Austrian thought is no different than the mainstream and thus does not deserve to be highlighted as a separate and distinct group or whether its exclusion is indicative of the mainstream’s dominance within the history of economic thought sub-field remains to be investigated.

Institutionalism

Textbook authors employ a variety of methods in discussing the Institutional tradition. To be certain, reference to “Institutionalist” thought requires some distinction beyond the generic title as two distinct groups of thought bearing the name exist. Insofar as the recognition of these different groupings within the modern Institutional tradition, only Landreth and Colander go into significant detail, outlining the traditional, quasi-Institutionalist, and neo or new Institutional consortiums. The remainder of the textbooks either keep their discussion strictly to Original Institutional thought, as in the work of Veblen, Commons, and Mitchell, or, dissect Institutionalism into a ‘then and now’

analysis: then as in the Veblenian or Original (Old) Institutional group, now as in the New, sometimes Neo Institutional group as exemplified by transaction costs and property rights analysis.

Original (Old) Institutionalism

Writers of history of economic thought textbooks would appear to agree that the rise of the Original (Old) Institutional group (OIE) and its strident objections to abstract theoretical work parallel the rise of neoclassical orthodoxy. Moreover, for those textbook authors who discuss the modern OIE group, consensus would seem to exist insofar as their respective descriptions, with respect to both what of the orthodoxy the OIE rejects and what comprises the OIE research program.

The OIE approach to economics would seem much broader than that of the mainstream. The frame of inquiry in OIE thought is expanded to include facets designated as exogenously determined such as the evolving state of technology, the existence and impact of power relations (Hunt, 1992, 595-6; Screpanti and Zamagni, 1995, 281) as well as conflictual relationships, and the existence of social institutions (Brue, 2000, 394-6; Hunt, 1992, 595-6). In this respect, the OIE would seem to present a much more contextually relevant study of the economy. Furthermore, the OIE employ an interdisciplinary and holistic methodology (Brue, 2000, 394-6; Landreth and Colander, 2002, 477). Additionally, textbook writers would seem to agree that certain foundational concepts of orthodox economics are rejected by the OIE. Included among these are the employment of static, equilibrium analysis (Brue, 2000, 394-6; Landreth

and Colander, 2002, 478) and the rejection of the Benthamite calculation in economic choice (Brue, 2000, 394-6).

The only dispute that appears with respect to the development of this particular group of thought resides in its legacy and impact on modern orthodoxy; about which opinions would seem to vary. This would seem most strongly evidenced in the respective treatment of the modern OIE group of thought within the history of economic thought textbooks. Blaug (1997, 703) denies the existence of a modern incarnation of the Original Institutionalist tradition as evidenced in his statement, "...the institutionalist movement ended for all practical purposes in the 1930s." Furthermore, both Blaug (1997, 702) and Ekelund and Hebert (1997, 433) claim that there does not presently exist a coherent or robust enough body of thought to be singled out as representative of the modern OIE tradition. Landreth and Colander (2002, 477) claim that while Original Institutionalism has been credited for spotlighting critical issues over the years, since the post World War II period, it remains inept at penetrating the inner circle of mainstream economic theoretical analysis. Ekelund and Hebert (1997, 419) agree but also state that the ideas of the OIE have incrementally crept into economic discourse, and points to Leibenstein's Veblenian good and its upward sloping demand as an example. All of the texts surveyed would seem to agree on the bottom line: that whatever influence the OIE have managed to interject into orthodox theory, its pervasive, systematic inclusion remains elusive, "...The central core of economic theory is about as 'noninstitutional' as it was in Veblen's

day...micro economic theory is still concerned primarily with the kind of 'equilibrium' which Veblen so severely criticized" (Brue, 2000, 398).

New Institutionalism

The history of economic thought textbooks would not seem to treat the New Institutional group in any systematic manner. In fact, nine of the thirteen textbooks surveyed do not feature New Institutional economic (NIE) thought in a distinct section unto itself. The exclusion could be the result of an expansive program that prevents a perceived coherency or systematic presentation of the NIE's research program. Indeed, as Brue notes, the NIE consists of groups with different areas of focus, such as that of property rights, economics and law, transaction cost analysis, and public choice theory. Such diversity might in fact prevent a coherent or concise description within a history of economic thought textbook. The lack of methodical treatment of the NIE, however, instead may evidence the perception that the New Institutionalists should be considered just another sub-branch of the mainstream.

According to the history of economic thought textbooks in which descriptions appear, the NIE program as presented would seem to support some of the more basic tenets of orthodox economics. The inclusion of equilibrium analysis, for instance, remains integral to NIE analysis, yet within a recognized institutional context (Landreth and Colander, 2002, 490). The assumptions of rationality are maintained, once again, within a specified institutional setting (Brue, 2000, 397; Ekelund and Hebert, 1997, 426; Screpanti and Zamagni, 1995, 385). As such, the NIE as described in the history of economic thought

textbooks would appear to retain the theoretic structure of orthodox economics (Brue, 2000, 419); ironically, this is the same theoretic structure against which Veblen so vehemently rebelled (Screpanti and Zamagni, 1995, 385).

The few texts that do treat the New Institutionalists as a distinct group of thought would not appear to present vigorous arguments regarding the heterodoxy, or more broadly, the dissent of the NIE. Indeed, the NIE would appear to be associated with other groups that seem to fall between the heterodox and orthodox camps. The Screpanti and Zamagni (1995, 384-5) text dichotomizes “neo-institutionalism” into two approaches: evolutionist and contractualist. According to the authors, both divisions believe in the significance of institutions and reject the perfectly competitive equilibrium analysis of the orthodoxy. Evolutionists are connected with the economic thought of Hayek, who by most accounts, is credited as one of the more influential economists of Austrian thought, while the authors link the contractualists with the Public Choice group of thought (Screpanti and Zamagni, 1995, 384-5). Both the Austrians and the Public Choice groups elicit debate as to whether each constitutes a research program that is distinct, much less dissenting from the mainstream. The proximity of these three groups would thus not appear odd, given that only one textbook discusses the New Institutional group as “heterodox.”

Moreover, it would seem that textbook authors perceive the NIE as expanding the boundaries of “acceptable” economics rather than rebelling against the confines of the orthodoxy’s restricted nature. Brue (2000, 397, emphasis original), for instance states that through the NIE, orthodox economists

have made significant “*neoclassical* contributions.” Even Landreth and Colander (2000, 490), who list the NIE in their heterodox chapter state that the NIE, “...in many ways is a part of modern mainstream economics rather than a heterodox group.” While North is noted by Brue (2000, 419) to have critiqued the orthodoxy for its neglect of institutions and Landreth and Colander (2000, 490) suggest that the NIE have extended their analyses of institutions beyond that presented in the mainstream, it remains to be seen if such criticism constitutes the critical mass of dissent to qualify the NIE as heterodox.

Post Keynesian

The textbook authors surveyed disagree with respect to the genesis of the Post Keynesian group. Two textbooks claim the 1950s and 1960s as the watershed era when Joan Robinson and other Cambridge economists began to dissociate with the neoclassical group, and in particular with the revolt against the emerging neoclassical growth models of that time (Rima, 1991, 393; Screpanti and Zamagni, 1995, 326). Fusfeld (2002, 210), however, dates the advent of the Post Keynesian group to the 1960s and 1970s. Hunt (1992, 587 and 596) marks the emergence during the 1970s and 1980s with the synthesis between those Keynesian ideas ignored by the neoclassicals and the work of Robinson and Sraffa in reaction against the neoclassical encroachment on Keynesianism.

While the history of the Post Keynesian tradition appears somewhat contentious, by contrast there would seem much consensus among the textbook authors as to the heterodoxy of the Post Keynesian group. Indeed, it would

seem that the Post Keynesian nickname (created by Joan Robinson) for the economics of the neoclassical synthesis – “bastard Keynesianism” – leaves little doubt with respect to the Post Keynesian position on the orthodox co-option (or corruption) of Keynesian thought (Landreth and Colander, 2002, 491). Though the same heretical deviations from the mainstream are not always offered as proof of the heterodoxy of the Post Keynesians, none of the respective descriptions of Post Keynesian thought would seem to contradict one another. The importance of institutional context to Post Keynesian economics (Rima, 1991, 551; Screpanti and Zamagni, 1995, 374), not only does not contradict, but would seem to support the Post Keynesian critique of orthodox marginal productivity theory in the determination of the distribution of income. Furthermore, the Post Keynesian belief that inflation stems from this struggle over the distribution of income (Brue, 2000, 485-6; Rima, 1991, 551) coupled with the belief that uncertainty (Hunt, 1992, 598-9; Landreth and Colander, 2002, 492) with respect to future expectations determines the level of investment in the economy (Hunt, 1992, 600-1) would seem to reinforce the observation of three of the textbook authors that Post Keynesians suggest the business cycle is inherently unstable (Brue, 2000, 485-6; Furfeld, 2002, 213; Landreth and Colander, 2002, 492). Likewise, the rejection of neoclassical price theory and the profit maximization rule of equating marginal cost and marginal revenue (Screpanti and Zamagni, 1995, 374) and the replacement with the theory of mark-up pricing whereby firms set price above that of marginal cost (Brue, 2000, 485-6; Screpanti and Zamagni, 1995, 375) would all seem to present concepts

that would complement one another. Indeed, it would appear that the suggested characteristics of Post Keynesian thought not only fit together well, but that the Post Keynesian group counters the perceived shortcomings of the orthodoxy with its own alternative theories.

The sharpest break from the general consensus occurs within the text by Spiegel who describes the work of what other authors call Post Keynesian as “neo-Keynesian,” for instance, as that work which attempts to dislodge the entrenched mainstream theory of distribution based on marginal productivity and as well cites the leader of the Neo-Keynesian group as Joan Robinson (Spiegel, 1991, 669). Other disagreement with respect to the Post Keynesian group revolves around whether they are most closely aligned with the modern Austrian (Rima, 1991, 560) or Radical group (Spiegel, 1991, 669; Hunt, 1992, 596). While the discontinuity would appear minor, within the context of the clarification of the heterodox program the distinction seems important. Authors appear to agree to the heterodoxy of the Post Keynesian program and its association with Radical thought would not seem to necessarily contradict such, yet the perceived similarity of the Post Keynesians to the more questionably heterodox Austrians again raises questions of what constitutes heterodoxy and what causes one group to fall squarely on one side of the divide while the other languishes somewhere in the middle.

Radical/Marxist

Among the textbook authors who discuss the modern incarnation of either the Radical or Marxist program, there would seem little doubt as to the

heterodoxy of the group. Despite the many strands of current Marxist thought, textbook authors would seem, perhaps for the sake of simplicity, to stick to as generic a rendering of the group as possible. Indeed, the term “Radical” and the term “Marxist” are used synonymously by all of the textbook authors who discuss its modern tradition (Fusfeld, Hunt, Landreth and Colander, Rima, Screpanti and Zamagni, Spiegel); although each author notes that there exist many distinct traditions of thought within the broader group. In fact, Screpanti and Zamagni would seem to simply combine all of the branches of Marxism into one generic conglomeration, “A new socialist economic theory, or ‘radical political economy,’ or neo-Marxist or post-Marxist economics...whatever one wishes to call it...” (Screpanti and Zamagni, 1995, 411). Only Fusfeld (2002, 213) specifically states that the modern Marxist program consists of the Neo-Marxist thought as reference is made to the Baran and Sweezy publication of *Monopoly Capital*. It would thus seem important to specify that the textbook authors who detail the modern Radical/Marxist tradition and unequivocally agree on its heterodoxy are doing so in generic terms.

The modern Radical group of thought experienced a renaissance of sorts and became a recognized body of intellect during the latter half of the 1960s, fully acknowledged with the establishment of the Union of Radical Political Economy in 1968 (Spiegel, 1991, 669). The emergence of the Radical group of thought has been credited to the social and political upheaval of the Vietnam and Watergate era where dissatisfaction with the economic *system* as opposed to the orthodox economic *theory* found expression (Fusfeld, 2002, 213-4; Landreth and

Colander, 2002, 474; Spiegel, 1991, 669). This would seem to imply that weight should be given to the ideological undercurrent of a group of thought in the determination of its heterodox or orthodox classification.

The Radical group of thought, though it undeniably has its roots in Marxist theory, varies by degree in the adherence to the original Marxist doctrine (Rima, 1991, 548). Despite the various incarnations of Radical theory, most are united in their critique of mainstream economics. The highly abstract, unrealistic theoretic of the mainstream poses a significant problem to the Radical group, in particular the idea of a harmonious equilibrium where the Radicals instead see conflict and class exploitation (Landreth and Colander, 2002, 475). Additionally, the Radical group of thought claims that many of the variables the orthodoxy deem as exogenous or given must instead be endogenized, such as class relations and institutions (Landreth and Colander, 2002, 475; Screpanti and Zamagni, 1995, 416). While some Radicals have moved beyond the transformation problem via the labor theory of value, others have maintained that despite the solution offered in the early 1900s, the mainstream continues to ignore any insight that may be gleaned from it (Hunt, 1992, 612; Landreth and Colander, 2002, 364). The root of all Marxist theory lies in its creator's masterful critique of the capitalist system. This critical assessment and the proposed restructuring of society in an attempt to cure the socio-economic problems of the current system serve as a sharp dividing line between the Radical group and the orthodoxy (Landreth and Colander, 2002, 475; Rima, 1991, 550). The last important point of distinction that constitutes the clear break from the orthodoxy is

the insistence of the Radical group on the integration of the other social sciences with economics:

One of the most striking differences...is that the (mainstream) tends to believe either that the economic aspects of society can be fully understood independently of any understanding of sociology, psychology, or politics, or that the notion of rational, maximizing 'economic man' explains all aspects of human behavior, while the (Radicals) recognize that even though economists specialize in the study of the economic aspects of society, in reality the economic, psychological, sociological, and political aspects of society are interrelated (Hunt, 1992, 623-4).

Regardless of any differences within the Radical group, the history of economic thought textbooks agree that the Radical frame of inquiry falls outside the realm of mainstream analysis. Indeed, all of the textbooks that discuss the modern Radical/Marxist tradition would seem to agree on its dissention, and although the term is not specifically employed, heterodoxy. Given the generic treatment of Radical thought, however, it would not seem possible to divine what it is about Radical economics that makes it heterodox.

The textbooks generally agree that the acceptance of ideas emanating from the radical group have been few, with notable exceptions in the areas of education, labor, and industrial organization (Landreth and Colander, 2002, 476; Spiegel, 1991, 670). One author does point out that even if the ideas have not been accepted, some degree of influence has been felt (Roll, 1992, 262). Although the marginalization of a group of thought would not seem enough to classify it as heterodox, it would seem that significant dissent would instigate marginalization of some form. Marginalization would thus appear to be a necessary but not sufficient element of heterodoxy.

Other

There remain for discussion, several other groups of economists labeled as heterodox by three of the textbooks surveyed. Landreth and Colander alone mention Libertarian, Black, and Feminist economics as groups operating outside the mainstream that deserve to be singled out, but that are generally included as an area of specialization under one of the larger heterodox groupings (Landreth and Colander, 2002, 496). As previously mentioned, Spiegel lists Supply-side economics as a “periphery group” that believes Keynesian analysis should be extended from a strictly demand purview to include supply in its discussion of fiscal policy impacts (Spiegel, 1991, 671). The Ekelund and Hebert text includes a discussion of the Public Choice group as an extension of the classical and neoclassical traditions into the political science realm without suggesting that such extensions should be classified as dissent (Ekelund and Hebert, 1997, 532). By comparison, Landreth and Colander (2002, 471) list the Public Choice group as one of the major modern heterodox movements, albeit on the edge of heterodoxy as Public Choice thought has been the “most successful” in penetrating the mainstream. The ability to find acceptance within the mainstream would seem if not to indicate similarity to the orthodoxy then at least to change fundamentally the relationship between a previously “heterodox” group and the mainstream. Moreover, both texts agree on the basic premises of Public Choice and how it utilizes a similar framework to the classical and neoclassical methodologies, as well as that it differs, at least in scope, from the modern,

formalist focus of the mainstream (Ekelund and Hebert, 1997, 532-3; Landreth and Colander, 2002, 494).

No Consensus

The lack of consensus within history of economic thought textbooks regarding what constitutes heterodox economics reveals its complexity as well as its discordance. The omission of detailed discussions of the modern heterodox movement is indicative of the pervasive lack of clarification regarding not only which groups of thought fall onto the heterodox side of the divide, but why and what it is that the various heterodox movements espouse and reject from conventional economic theory. Additionally, a core description of the heterodox movement and what issues lay at the heart of their crusade for reform of the mainstream is not as of yet clear. Perhaps it is not that textbook authors feel that the modern heterodoxy does not deserve to have page space allocated to them, but rather the inherent difficulty in organizing these groups with a central premise under the heterodox rubric.

The most prevalent theme in history of economic thought texts is that there exists no prevalent theme in modern heterodox economics, or at least one that is at present strong enough to elicit a consensus amongst textbook writers. Given the variety of groups of thought presented in discussions of dissent, the secondary review will focus upon the five most frequently discussed dissenters, and thus most potentially “heterodox” groups of thought aforementioned: the Austrians, the Original and New Institutionalists, the Post Keynesians, and the Radicals/Marxists. Despite the variety of groups suggested as dissenters from

the mainstream by the review of history of economic thought textbooks, when compared to the secondary literature review, the textbooks offer but a small sampling of much larger pool of potentially heterodox groups. As such, the secondary literature review extends a more succinct analysis to several other groups either not mentioned by textbooks or not frequently cited by the textbooks as heterodox: Public Choice, Feminist, Humanistic, Geo-economics, Socio-economics, Social Economics, Environmentalist, Experimental, and Bio-economics.

CHAPTER 3: HETERODOX ECONOMICS IN THE SECONDARY LITERATURE

“In economics, dog does eat dog, but not indiscriminately. There is pack loyalty between dogs of similar breed.” Cole, et al, 1991, 5

Dissent and its Heterodox Offspring

Throughout its development, the discipline of economics has witnessed the rise, fall, return, and seemingly endless entrenchment of a variety of paradigms. In this respect, dissent can only be measured or defined by its historical context. Contention that emerges during one particular time period may subsequently find itself assimilated into the mainstream, replacing the mainstream, or fall in and then back out of fashion. As the world, its economies, and the discipline of economics continue to redefine themselves, the presence of dissent, whatever the flavor, proves constant, despite institutional obstacles that may block its path (Samuels, 1989, 101-2).

At one point in the economics discipline, Adam Smith was a dissenting voice. Eventually his perspective grew in prominence and displaced the dominant mercantilist paradigm (Fusfeld, 2000, 171). Marx, although often lumped together with the Classical economists, presented dissident arguments against them and what he referred to as “bourgeois” economics (Backhouse, 2000, 150). The German and English Historical Groups along with the English Romantics each criticized the Classical economists for their narrowness in describing the scope of economics (Dorfman, 1969, 2; Grampp, 1973, 361-2). Traditions self-identifying as heterodox in the current time frame in fact often

trace their roots to some former historical voice of dissent, such as with the Radicals and Marx or the Original Institutionalists and Veblen (Beaud and Dostaler, 1995, 96). It is in the twentieth century, particularly after the half-century mark, that dissent begins to proliferate in the form of various non-orthodox groups at levels previously unseen in the economics discipline. The birth of general equilibrium theory in the orthodox tradition appears to have spawned dissent that was both substantial and variegated (Foldvary, 1996, 22).

The difference between the dissent of the twentieth century and that of the prior periods thus appears to be the increasing presence of varied dissent. The period of the 30s and 40s would seem to present a watershed period in the discipline's history. It is during this timeframe that general equilibrium theory begins to come into vogue and there appears a fork in the road of the economic discipline – a “bifurcation in economic thinking...a bifurcation not easily repaired” (Foldvary, 1996, 22). Another author agrees that the heterodoxy consequently spawned by this academic development demonstrates a marked contrast to the previous paradigmatic challenges in the discipline (Goodwin, 2000, 179).

In describing the dissent of the 1960s and 1970s, authors depart widely from one another. At one end of the polemic, these two decades symbolize a “hiatus for economic heterodoxy” (Fine, 1997, 144), as well as a time when heterodox academics were still admonished for their heretical beliefs (Lee, 2003, 10). Lee, however, also states that the decades of the sixties and seventies, with the escalation of the anti-establishment movements, allowed for some heterodox economists at least to obtain positions as a teachers (Lee, 2003, 3). For others,

this timeframe represents a benchmark in the solidification of a heterodox movement. Backhouse (1985, 372) evidences this claim with the institutionalization of heterodox groups through the establishment of formal associations and journals during the 1960s and 70s, such as the *Journal of Economic Issues*, *Journal of Post Keynesian Economics*, and the establishment of the Union for Radical Political Economy. Cypher (1997, 170) likewise asserts that the late sixties and early seventies represent the peak period of impact by the heterodoxy within the field of development economics.

The first found application of the contentious term “heterodox” emerges during a panel discussion on the subject of (Original) Institutionalism during the 1950s (Boulding, 1957, 4). Boulding used the term to describe the original and contemporary work in the Marxian program. He described Marx as a “challenger” and that “in a sense he can certainly be said to have founded a new orthodoxy. Nevertheless, it was then – and it still is – a strange, heterodox, ‘Protestant’ orthodoxy” (Boulding, 1957, 4). It would seem that Boulding used the term to emphasize a program of study that he perceived to be established, hence, orthodox, yet presenting a significant challenge to the mainstream, hence, heterodox. The term does not reappear until 1974 in a book by Gruchy (1974, 1) to describe the economics of the Original Institutionalists, particularly of the second and third generation OIE, such as Ayres and Myrdal. Dispute over the meaning of “heterodox” and what groups of economists it may be used to describe have since haunted the term (Goodwin, 2000, 179).

Furthermore, authors differ sharply with respect to what has happened to heterodox economics over the latter half of the twentieth century. Davis suggests that, "Heterodox economics has undergone continuous decline over the last decade..." (Davis, 2004, 191), while Prychitko speculates, "Today we witness a near-explosion of heterodox thought" (Prychitko, 1998, 4). Indeed, recent proliferation of "heterodox" groups of thought over the past half a decade would seem to support the latter conjecture. What is clear is that the ever-present dispute over the meaning of the term "heterodox" coupled with the disagreement regarding its presence and efficacy within the discipline would seem to underscore the need for articulation of the term.

Discrepancies in Defining Heterodox Economics

Who's Who

Attempts by authors to list groups of thought they considered to reside outside the realm of mainstream economics revealed considerable inconsistency. The terminology employed to describe such groups ranged from the use of the word heterodox to other descriptors such as alternative, political economic groups, non-orthodox, non-neoclassical, dissenters, less conventional, critics, and post-classicals. Out of the secondary literature surveyed, the most referenced groups of thought with respect to what could be called heterodox economics consisted of the Post Keynesians, Marxists, and Institutionalists (with a very few specifying old or original). Receiving significantly fewer, but still a substantial number of votes were the Radicals (listed separately from the

Marxists), the Austrian (or neo-Austrian) group, feminists, the neo-Ricardians, evolutionary economics, and social economics. Groups of thought listed no more than three times in the scholarly literature reviewed are as follows: socio-economics, humanist, ecological, behavioral, geo-economics, the Public Choice/Virginia group, experimental, Foundational, labor process theory, history of economic thought, business history, input-output analysis, economic policy, interdisciplinary, economic philosophy, Keynesian, critical realist, New Institutional economics, and the French circuit and regulation group. A few field specific groups of thought were also classified as heterodox and included the following: from monetary economics – horizontalists, chartalists, and the state theory of money; from developmental economics – structuralists and dependency theorists. No group of thought is able to escape some degree of controversy, for even within the most often cited groups listed contention reveals itself in the clarification of their respective research programs.

Descriptive Discrepancies

Apart from the wide variety of opinions regarding who makes the “H” list, a lack of consensus appears regarding what constitutes heterodoxy in broad, illustrative terms. In describing the heterodox tradition, some authors use as wide a definition or terminology as possible in order to include many groups, stating for instance, that the word “alternative” is not an adequate description as it implies a certain mutual exclusivity that does not account for views close to the neoclassical framework. This particular author goes on to affirm that these same groups define the scope of economics “differently” than neoclassical economics

(Foldvary, 1996, xi). The suggestion that heterodoxy constitutes that which is considered illegitimate by the mainstream leaves a wide berth for interpretation as to what comprises heterodoxy at its core (Colander, 2000, 137). This categorization appears similar to another that posits that heterodoxy includes all “non-orthodox ideas and approaches,” along with descriptors, such as “idiosyncratic,” “maverick,” or “deviant” (Coats, 2000a, 146).

Other authors choose much more selective judgment criteria for what the term heterodox entails, basing the classification upon more visible factors, such as political ideology. Cohn (2000, 6) states specifically that to be considered heterodox economics the philosophy of the group should contain an underlying anti-capitalist theme with concerns about issues such as equity and the environment. Backhouse (2000, 149) lists three qualifications, all of which must be met in order to be deemed a heterodox group: choosing to assert one’s self as an outsider in the discipline, institutionalization that includes recognized detachment and/or ostracism from the orthodox group, and a set of fundamental beliefs distinguishable from those of the mainstream. To this end, heterodoxy does not include a mere departure from the conventional approach; the alternative must be seen as a “radical” dissent (Backhouse, 2000, 154).

Upon examination of the basic tenets hypothesized to characterize a heterodox approach, authors generally appear to employ broad terminology – “uncertainty,” “interdisciplinary,” “dynamic,” along with even more open descriptors as “richer,” “more varied,” “complex” – that could describe heterodox economics, but that could also be applied to orthodoxy (Coats, 2000a, 147). For

instance, it would seem that heterodox economists would take issue with the quantification of social relationships or of culture, but that this would technically qualify as interdisciplinary. Likewise, the rational expectations model of New Classical economics could be argued to have incorporated uncertainty, yet New Classical economics would not seem to qualify as heterodox.

General description of heterodox economics therefore remains unclear. The substance of the description lacks the focus required at the very least to derive a composite picture of what constitutes heterodox economics. Broad descriptions and phrasings, while demonstrating the personality of heterodox economics, do not serve to reveal its integrity. Without a guideline as to what may constitute a heterodox group in the abstract, it becomes all the more difficult to make more concrete proclamations or even suppositions as to which groups of thought fall into its realm.

While heterodox groups may agree that the orthodoxy's description of the scope of economics is limited and constrained, they do not appear to agree as to what the heterodox version of the scope of economics should encompass. Samuels suggests that to attach the general tradition of heterodox economics, much less of economics writ large, to one particular definition of the economy would essentially claim the dominance of one particular paradigm over all others (in Foldvary, 1996, xii). Other suggestions regarding what to include in the scope of economics fall short of elucidating the character of heterodox economics by using expansive terms such as "evolutionary," "relationships," "personalities," and "industrial systems" (Foldvary, 1996, 4; Gruchy, 1974, 15). These terms are

meant to be more inclusive but, as will be discussed in greater detail in chapter ten, can be interpreted in such a variety of ways that they would not seem useful in articulation.

Methodology, it would seem, constitutes the key insurrection. The definition of the heterodox economist would seem to pivot upon this point. Authors vary to a wide degree about what generally comprises heterodox methodology; however their renditions do not necessarily conflict. Defining the heterodox methodology appears to be difficult and perhaps even antithetical; after all, one of the main claims of the heterodox movement is that one dominant paradigm is not sufficient for the study of the economy. Pluralism thus stands as the hallmark of heterodox thought (Dow, 2000, 161-2), and as such, it does not seem conducive to the cause nor even plausible to pin the methodology of this group according to specific qualifications. Nevertheless, clarification is in order.

While methodologies vary from group to group, certain inclusions in the general body of heterodox methodology frequently reappear in different guises. Lawson (1997, 247) proposes that the heterodox approach is largely consistent with critical realism. This realism is presumed to be instrumental in the overall objective of policy design (Dow, 2000, 168). It is also suggested that institutions and abhorrence against anti-historical analyses play a recurring role in the methodology of heterodox economics (Spotton and Rowley, 1998, 684). Along these same lines, heterodox economics fundamentally ignores the compartmental divisions of labor and borrows methodologies freely from other disciplines (Nielson, 2002, 731). Some of the specific descriptors of the

heterodox approach include the use of storytelling, or case studies and pattern modeling (Johnson, 1996, 1). One typically finds nomenclature that is frequently glossed over, ignored, or assumed away in the orthodox research program, such as dynamic, instability, uncertainty, disequilibrium, imperfect information, incomplete markets (Spotton and Rowley, 1998, 684). Power as well, plays a recurring role in heterodox research (Howard and King, 2001, 802).

The one point upon which consensus converges is the role of ideology in economic analysis. Although there stands disagreement with respect to which ideology or ideologies best represent heterodox thought, or whether any one ideology may do so, there remains the tacit agreement among the heterodox that no matter what paradigm an economist works within, it is an ideologically laden one. Orthodox economists, while not necessarily denying such, do not overtly acknowledge or address ideological undercurrent (Weintraub, 1977, 472). In fact, heterodox economists often highlight the covert ideologies within orthodox economics in an attempt to make transparent the impact of ideology on the construction of theory (Backhouse, 2003, 6) and furthermore, that “there is *no such thing as an apolitical order* (Heilbroner and Milberg, 1995, 127, emphasis original).

While consensus may materialize through acknowledgement of the role of ideology, there is a lack of agreement as to which ideology represents heterodox thought. For instance, one author keeps the ideological argument general by stating that heterodox economists object to the wealth and power structures that exist within the current capitalist system. This categorization serves to include a

range of groups from those who wish to reform the capitalist system to those who aim to completely dismantle and replace it (Fusfeld, 2000, 173-4). This type of broad interpretation includes those groups of thought on the right that espouse free markets, for instance, Austrians, as well as those groups on the left that advocate strong redistribution policies, such as the Marxists and Institutionalists (Heilbroner and Milberg, 1995, 113). The possibility of an ideological delineation between heterodox and orthodox would seem to be eliminated, however, as no economic group, heterodox or orthodox, proposes the current system(s) is perfect. Whalen (1996, 78-9), distinguishes the heterodox group by stating the mainstream is able to maintain the current wealth and power edifice through its approach to the economy, implicitly indicating that heterodoxy objects to the status quo distribution of income without attaching a more specific ideological position per se.

Others, however, appear to maintain that ideology could serve as a convenient demarcation criterion. To this extent, these authors make the ideological distinction between heterodox and orthodox economics based upon the side taken on the question of free markets versus government intervention. The roots of this controversy are traced back to the *methodenstreit*, where such a contention is suggested to have underpinned the debate between the Austrians and the German Historical Group (Fusfeld, 2000, 176). The classical liberal view characteristic of Austrian thought contains an explicit agreement on the superiority of the individual over the collective, and in doing so, validates the abstraction of the individual within its framework. While classical liberal traditions

may recognize the reductionism of this abstraction of the individual, it remains systematically unaddressed (Prychitko, 1998, 156-7). Furthermore, given the relative ease with which one may sort the classical liberals and their anti-interventionist stance from those who support government involvement in the economy, it is tempting to use this as a convenient demarcation between the heterodox and orthodox camps. This in itself would amount to reductionism in the clarification process and classify pro-interventionist neoclassicals – a group that certainly could not be described as marginalized – as heterodox. The question therefore remains – how and where can the divide between orthodox and heterodox be drawn?

Discrepancies and Degrees in Drawing the Divide

Opinions vary widely with respect to the drawing of the demarcation line between orthodox and heterodox economics. Several authors agree that the very existence of a heterodox group requires the relational juxtaposition against an empowered mainstream group: “heterodoxy is meaningful only in relation to orthodoxy” (Nielson, 2002, 734). Without an entrenched, powerful group, a heterodox group has nothing against which to rebel, and therefore lacks incentive to cooperate or to even identify themselves as such (Backhouse, 2000, 150). These interpretations still leave open the question of whether or not any overlap between the heterodox and orthodox camps may exist and how far this overlap may proceed before any given group may become assimilated into the opposing side of the divide.

The question remains as to whether there may be any points of clarification regarding the difference between orthodox and heterodox economics. Cohn and Schneider (2003, 2) suggest that the subliminal ideological undertones of the orthodox and heterodox approaches to economics present one departure point, where the mainstream continually idolizes the market, while the heterodox venerates the collective well-being of society. This, however, would seem to be a restatement of the free market versus intervention distinction. Another demarcation line proposed bases the division upon the realism of their respective theories and models (Coats, 2000b, 189). Continuing with this theme, the use of mathematical formalism could be a fairly transparent process by which to differentiate (Dow, 2000, 160). While each of these may prove as a convenient starting point, none go very far in the articulation of the general heterodox program. Additionally, the divide between heterodox and orthodox is a moving target, changing with the inertial momentum of the discipline – constantly defining and redefining itself.

Along this line of reasoning, it would seem clear that heterodoxy might be interpreted by degrees. A few authors have attempted to provide clarification with respect to such a scale or range of classification within heterodox thought. Gruchy (1974, 335-6) suggests dissenters consist of those who criticize the mainstream and may be placed along a continuum from those who simply wish to inject more realism into economics, “mild dissenters,” to those who would dismantle the current discipline and recreate it into the social science they feel it was meant to be. Nearly thirty years later, with still murky conceptualizations of

the term heterodox looming, Backhouse (2003, 2-4) proposed that disparaging opinions be sociologically categorized based on the level of divergence. These divisions begin with disagreement, which implies no difference in power or status between the two claims, moves on to controversy, where the opposing opinions cannot simply 'agree to disagree,' and finally emerges into full-fledged dissent, which implies controversy accompanied by an imbalance of power. From the latter categorization emerges the subset of heterodoxy. Heterodoxy consists of a much stronger variant of dissent, striving to change the nature of the discipline itself as opposed to stretching the boundaries of the orthodoxy. Dissent then comprises a much broader category and is meant to encompass those groups of thought for whom the designation of heterodox remains somewhat untenable, but who have still been marginalized by some measure by the rest of the profession, for instance, as with the New Institutional economists (Backhouse, 2003, 4-5). According to this classification, heterodoxy is a necessary condition for dissent, but not sufficient.

Lee borrows jargon from theology in order to describe the degrees of heterodoxy and thereby distinguishes between orthodox, heretical, and blasphemous thought. These taxonomies appear to follow the same divisions as the sociologically defined categories: heresy consists of those who disagree with the orthodoxy but are still tolerated, while blasphemy comprises those who not only hold heretical views but are also ostracized or perhaps even persecuted by the mainstream (Lee, 2002b, 13).

All three of these attempts at categorization would seem to be striving to differentiate between a pure heterodox group and a not-so-heterodox-but-still-not-mainstream group, the former of which lacks sufficient power to make a significant impact on the core of orthodox thought. That nearly three decades have passed without clear consensus in this regard demonstrates that there is much more work to be done with respect to clarification. However useful these categories may be, they only serve to distinguish between groups with respect to their relationship to the mainstream as opposed to defining what heterodox economics is beyond 'not mainstream.'

Differences in the Heterodox Critique

It may be generally conceded that the heterodox group en masse holds criticisms of the orthodox, but there remains much debate as to the common ground of these criticisms. Indeed, critiques range in nature on a variety of characteristics and as to whether those characteristics provide a useful segregation between the heterodox and orthodox traditions.

While many different assumptions of the orthodox approach to economics come under the scrutiny of various heterodox economists, there does not appear to be a fundamental set of assumptions that heterodox economists generally find acceptable or claim. The overall assumption of utility maximization that reduces motive to the tautological Benthamite calculation of pleasure and pain is frequently associated with the orthodox approach and appears as one suggested common criticism by the heterodox population writ large (Fine, 1999, 405). On an even finer point, the interpretation of the individual, the star in the orthodox framework,

as a vacuous conceptualization represents another potential dividing line (Howard and King, 2001, 803) as well as the neglect of power and its impact on the relationships between those agents (Howard and King, 2001, 798). Scarcity, the cornerstone of neoclassical economic theory, posits another possible line in the sand between heterodox and orthodox (Lavoie, 1992, 14). While all of the above assumptions may fall under the criticism of various heterodox groups, listing them does nothing but ambiguously define heterodoxy by default, in other words, heterodoxy would seem to be defined by what it opposes rather than by what it espouses. A true picture of what comprises heterodox assumptions, even if those assumptions are more holistic or flexible, and thus less amenable to concrete generalizations, does not emerge from the mere recitation of what the heterodoxy is against.

Another potential separation of heterodox and orthodox economics emerges through a discussion of methodology, but again, no clear consensus reveals itself as to what type of methodology may be attributed to the heterodox camp. The adaptation of the two terms orthodox and heterodox may be traced back to disputes over method, but the nature of heterodoxy changes with the context of the times (Goodwin, 2000, 179), so a current assessment is not served with a historical recount of disagreement. Beginning with mode of reasoning, the deductive method versus the inductive method could represent the clarity and precision sought by the mainstream versus the fuzziness and less rigorous results accepted by the heterodox (Johnson, 1996, 4-5), but this leaves out some groups who have self-identified as heterodox, as well as those heterodox groups

who claim to use both styles of reasoning. The role of causality, specifically cumulative causality, in heterodox, versus its neglect in the mainstream, as well as is suggested as another deciding factor, but is mainly attributed to one particular group of thought (Dopfer, 1986, 509), and as such may not be truly representative of the general heterodox population. Wider, but consequently, more vague conceptions of the heterodox methodology propose a general sorting mechanism into the holistic, open systems approach of the heterodox versus the individualist, closed methods of the orthodox (Dow, 2000, 158; Cohn, 2000, 8), but the line between open and closed, holistic and otherwise would still appear clouded. Other suggested borders fall along the lines of the use of models as an exploration device in the heterodox approach versus the exaltation of the model by the mainstream (Backhouse, 2000, 153), but if both groups use models to any extent, then how can their reliance be accurately measured and thus adequately serve to distinguish between the two? The same question arises with the commitment to prediction versus to explanation (Johnson, 1996, 1) – if both are indeed used for the same ends, to make policy prescriptions, then clarifying the difference between the means would seem more difficult. Once again, although there is not necessarily an overt, conflict between these various appraisals of what constitutes the difference between heterodox and orthodox economics, there does not otherwise appear a solid consensus in this regard. Furthermore, there appears no firm assertion of what the heterodox methodology entails other than concern over its veracity.

Finally, by delving deeper into the methodological realm to the level of analytical technique, elucidation is revealed. The rejection of formalism appears as solid ground in the quicksand of clarification. None of the secondary literature intimates that formalist technique may be accepted by the heterodox tradition in any variation. In fact, most of the literature that speaks on the subject expounds with great fervor the evils of the formalist technique:

- “Formalization is often the first step toward rejection of perfectly reasonable ideas” (Fusfeld, 2000, 174).
- “Stating arguments in mathematical form does ensure syntactic clarity, but it does not guarantee semantic clarity” (Foldvary, 1996, 25).
- “Most economists, unfortunately, prefer to be precisely wrong rather than roughly right or accurate” (Prychitko, 1998, 77).
- “Only in the world of 1984 and Doublespeak can a regressive analytical structure be considered an advance” (Davidson as quoted in Prychitko, 1998, 79).

Thus, there exists one common piece of ground upon which the heterodoxy, in all their plurality stand – the rejection of formalism. Consensus does not reveal itself, however, with respect to what constitutes “formalism” per se, as none of the expositions against it detail specifically to what practice they refer – simply the strict adherence to “it”. Formalism, as closer inspection of the above quotes reveal, could mean dogmatic adherence to mathematical technique, regressive analytical technique, both, or possibly something different altogether. So once again, the common ground of the heterodoxy is revealed as simply the rejection of an obstinate devotion to one particular paradigm above all others, without a specific reference. The other side of the coin and the even more pressing

question of what analytical technique do the heterodox embrace, remains concealed as well.

The Heterodox Program of Study

For all the disparity found in the literature regarding the term heterodox, on one premise the majority agrees: that the main objective of any heterodox agenda is to reform the orthodoxy. If there exist more common grounds upon which to build, it is likely that increased interchange between heterodox programs would be productive. Clarity with respect to heterodoxy would therefore not only advance the research program of heterodox economics, but also by default, lend clarity, focus, and therefore strength to the calls for reform.

Heterodox as a Community

A community of heterodox scholars most certainly exists and survives given the aforementioned proliferation of such groups of thought. Indeed, it would appear that the general community of heterodox economists continues to grow (Dow, 2000, 163). As well, there exists a social network between these marginalized economists as evidenced by the development of institutions during the last fifty years designed to facilitate contact and foster social relationships between those who consider themselves to be heterodox. These institutions include not only formal organizations, but also the supporting edifices of journals and book publishers, and informal communications between group members (Lee, 2002b, 14-5). Facilitation of dialogue, however, has not as of yet, lent itself to greater elucidation as to who might be considered part of the heterodox

community. The isolation so frequently lamented in the literature would seem to contradict these notions of community. There are doubts, therefore, that this “community” acts as such.

Furthermore, the scholarly literature yields much in the way of assertions that there do exist common grounds for heterodox groups beyond the shared criticism of its nemesis. These assertions, while not necessarily at odds with one another, do not extend very far or take a concrete stance on specifics of the nature of heterodox economics. The most general postulations regarding the common ground shared by heterodox economists enlist broad observations. The authors agree, for instance, that heterodox economic theories present contextually grounded theories, which contain greater explanatory power but are not universally applicable. The rejection of the orthodoxy’s abstraction from context and from other disciplines, specifically through the use of formalistic analytical tools, would seem to apply to all heterodox (Cohn and Schneider, 2003, 2-3; Dow, 2000, 164). Additionally, the critique of the mainstream’s, more specifically the neoclassicals’, basic assumptions and constrained vision of the market, as illustrated through those of the general equilibrium model (perfect competition and information, homo economicus) would appear to be agreeable as well (Backhouse, 1985, 198 and 372; Beaud and Dostaler, 1995, 143, Cohn, 2000, 4). Other general descriptors of heterodox theory abound: holism, critical realism, substantive, dynamic, evolutionary, historical (Cohn, 2000, 8; Nielson, 2002, 729; Cohn and Schneider, 2003, 2-3; Mair and Miller, 1991, 221; Beaud and Dostaler, 1995, 148), all of which appear carefully constructed perhaps in an

effort against exclusivity. Only Lavoie and Seccareccia (2001, 3) go so far as to suggest a specific tenet to which all heterodox economists prescribe – that of effective demand. Consequently, these authors suggest that perhaps all heterodox economists, at least with respect to the short-run may therefore trace at least part of their lineage to the work of Kalecki. Although this presents a specific description of heterodox, it stands alone and otherwise unrecognized in other secondary publications. Additionally, one would wonder what it is about Kalecki specifically that would elicit this sort of suggestion. If effective demand is the key to heterodoxy, then why not pick Keynes as the progenitor of heterodox economics as most underconsumptionist (i.e., Monopoly Capital) Marxists would cite the Keynes' work on the lack of effective demand. Perhaps these types of objections are what prevent a more explicit rendering of heterodoxy, as specificity would seem to invite controversy and debate where debate in other forms is already prevalent.

In addition to common political and philosophical conjectures (Nielson, 2002, 734), Lavoie (1992, 5-6) also claims that heterodox economists share a common set of “metaphysical beliefs” that underpin the core of their economic theory and that are substantially different from those of the orthodoxy. For instance, Lavoie (1992, 7-8) states that heterodox economists insist upon realism of primary hypotheses while orthodox economists are willing to accept more abstraction for the purposes of simplification. Likewise, heterodoxy does not ascribe to the individualistic approach of the mainstream, but rather insist upon “organic interdependence,” or the contextualization of individual behavior

(Lavoie, 1992, 10-11). Bounded rationality, as described by Simon, contrasts with the orthodoxy's use of rational economic man who has all information and computational capacities necessary to make strictly rational decisions (Lavoie, 1992, 11-12). Lastly, heterodox economics focuses on production while orthodoxy concentrates on exchange (Lavoie, 1992, 7). Other specific common ideological stances are also proposed including the concern for equity and ethical issues above that of efficiency; a broader, more inclusive measure of societal well-being than GDP; and a concern about the individual and society, as opposed to the individual focus of the mainstream (Cohn and Schneider, 2003, 2-3). This latter proposal hints that perhaps those groups of thought that hold tight to methodological individualism should perhaps be excluded, however, these authors make a concerted effort to say that Austrian economics, specifically, could still be included under the heterodox umbrella (Cohn and Schneider, 2003, 2-3). So it would appear that parts of a particular group might be considered heterodox, even when specific claims about heterodoxy contradict part of the core beliefs of the group in question.

That so many commonalities exist, whether one interprets them as contrived or genuine, would seem to be irrelevant as it is also evidenced that heterodox economists perceive a need for *greater* unity between the various sects. Certainly it would seem that the lack of descriptiveness with respect to the commonalities of heterodox economics should be a source of concern. Broad generalizations, while allowing some borderline groups into the heterodox fold, would not seem to define the purpose and direction of the heterodox program.

Without a coherent description of heterodox economics, its beliefs, theories, scope, and method, the construction of new paradigms and possibly a new economics rests on a rather tenuous foundation. Under these permissive descriptions, sociology could be considered part of heterodox economics, or perhaps folklore, as each of these could be described as consisting of the study of the individual within society, taking holistic approaches, and placing analysis within its historical context. While other disciplines undoubtedly contribute to heterodox economics, it would not seem productive or meaningful to place them under the heterodox *economics* umbrella. Avoiding the reductionist orientation and exclusionary practices of the orthodoxy may be an admirable endeavor, however going too far in the quest for politeness in defining heterodox economics only serves to isolate scholars, obfuscate lines of communication, and consequently the attainment of the one agreed upon goal – reform of orthodox economics.

One also needs to examine differences within the heterodox community in order to assess the divisiveness inherent in their description and how that divisiveness might shape not only the content and direction of the heterodox community, but what scholars may be included therein. Some economists, for instance, either sympathetic to or working in the field of heterodox economics, may be loathe to describe themselves as such and therefore do not feel compelled to work towards giving heterodox economics shape (Dow, 2000, 164). As well, differences between heterodox groups include the varied opinions regarding the greatest sin of omission on the part of the mainstream. Marxists

would point to the absence of a thorough discussion of the surplus or perhaps class analysis; Post Keynesians, administered pricing; Original Institutionalists, perhaps culture; feminists, patriarchy, and so on and so forth (Cohn and Schneider, 2003, 5-6). While these groups might support one another's claims, which issue should be spotlighted in a new paradigm remains undetermined. This may suggest the reason that a cohesive body politic has as of yet been unable to significantly challenge and change the mainstream – heterodox groups of thought, whoever they may be, cannot reach consensus regarding the composition of that new and improved paradigm (Johnson, 1996, 1). Of course there is also the argument that if heterodox economics is indeed about pluralism, then differences should be less important anyway. This would seem to render the entire exercise of defining heterodox economics futile if not even perhaps destructive. Despite the growing number of alternative groups of thought, however, there appears little if any impact on the mainstream, suggesting that definition might serve the heterodoxy in its common, albeit broadly defined call for reform.

The Heterodox Agenda

Regardless of the agenda of any one particular “heterodox” group of thought, there appears a general consensus that the orthodox program is not enough. Whether a group would like to dismantle orthodox economics, replace it with its own version of economics, or simply augment it, clearly there is a call for some type of reform. The question remains of how and to what degree that reform should be implemented. A variety of suggestions have been offered as to

the shape and direction of the heterodox agenda, all of which appear, at least on the surface, complementary.

Broad suggestions for the next steps in the progression of heterodox economics pepper the secondary literature, many of which appear overly optimistic or idealist, given the amount of disagreement and contradiction imbued in the defining of a heterodox economics per se. Nevertheless, these suggestions appear valid and typically prescribe either external or internal stratagems for the advance of heterodoxy.

External tactics against the mainstream normally comprise some passive or covert form of resistance or insurrection rather than overt attacks, such as “snipping away at its (mainstream’s) margins” (Fine, 1999, 405). Along these same lines, it is suggested that heterodox economics could also potentially impact the mainstream by expanding or relaxing the boundaries of orthodox theory and analysis (Foldvary, 1996, 20). Heterodox economists could then essentially prove their point by focusing such efforts into policy prescriptions that would serve as further validation if proven effective (Dow, 2000, 168). Another strategy involves bringing the disillusioned or skeptical mainstream economists to the realization that valid contributions to the discipline may be made through other venues (Dow, 2000, 169). These more congenial approaches to change belie the strong calls for reform; yet complement the perceived need for political correctness on the part of the heterodox movement in its efforts to not offend. Orthodoxy, it is further hypothesized, carries within it the seeds of its own destruction, and as such, will bring about its own eventual demise. This leaves

one potential avenue of action through inaction as the gilded glimmer of mainstream economics eventually tarnishes and demand for courses wane as students reveal their preference for other studies (Dow, 2000, 168). It seems ironic that marginalized economists would see the most effective way of communicating their ideas and catalyzing reform through marginal efforts aimed at the margins of the discipline.

Other internal measures must be taken in order for a serious call for reform to take shape – upon that much many agree. Beyond such a general rallying cry, however, there exists little if any substance. Raising awareness of common convictions (Dow, 2000, 169), clearly identifying facets of the heterodox program (Spotten and Rowley, 1998, 663), forming a coherent research agenda (Walters and Young, 1997, 331), and “bridge building” between the various groups of thought that lie outside of the mainstream (Foldvary, 1996, 94), are all valid assertions of what the heterodox program needs in order to progress. They would also, however, seem to be safe generalizations. If heterodox economics wishes to be considered a serious threat to the status quo of orthodoxy and to make inroads into the profession, then a clearly articulated research program must undergird its efforts.

The Future of Heterodox Economics

Over the last few years, other efforts to address the appeals for unity have emerged, promising concrete and substantive results. Ironically, it would appear that during the very period of time when the last bastions of heterodox graduate education appear to be faltering or even disappearing all together, undergraduate

student movements demanding opportunities to learn about other methodologies are emerging and coalescing (Cohn and Schneider, 2003, 1). In 2003, Harvard students put together a petition demanding an alternative 'principles of microeconomics' class be offered that would use the same text and cover the same material as the conventional class, but that would, "also examine the assumptions of economics critically, so that students can assess the limits as well as the strengths of economics" (Harvard Student Petition, 1). This call for reform originated from the Harvard group SHARE, or Students for a Humane and Responsible Economics; a group that believes, "that Harvard, by only providing one model of economics, fails to provide critical perspectives or alternative models for analyzing the economy and its social consequences" (Harvard Student Manifesto, 1). The formation of the Post-Autistic movement in France, which first sponsored a student driven petition, that was then closely followed by a professors' version, also clearly states that reform of the current economic education is imperative, and succinctly demands the access to various methodologies, as does the Kansas City Proposal, the Cambridge Proposal, and the Italian Proposal (Post-Autistic Economics Network). The not-for-profit alternative magazine and media foundation *Adbusters* currently has posted the "Barefoot Economics Manifesto" that encourages students to question the teaching of mainstream economics at their universities. The site also presents information on what they call the "Old Paradigm" and the "New Paradigm" (*Adbusters*). What all of these movements have in common is the clear stating of their dissatisfaction with conventional economic analysis accompanied by

enumerated, explicit actions for reform, specifically asking for example, for a pluralistic economics education. What these calls for reform do not have in common with the heterodox program per se is the more stringent claim that orthodoxy should move out of the spotlight, not just share it. Regardless of whether one believes that the orthodoxy should be replaced or should simply not dominate current economic discourse (a difference that is not altogether trivial), coherent alternative research programs must be developed in order to not only be presented in an articulate manner, but also in order to be juxtaposed in any meaningful way against other methodologies. Students, or rather future researchers, would then essentially be able to pick that group which most closely mirrors their own philosophical and ideological convictions or the one perceived to be the most realistic or potent. Even if the notion of heterodox is dropped from the economic lexicon in favor of the word pluralism, coherency within the individual groups remains a topic of concern. As long there remains an entrenched orthodox economics, there will also exist a need for clearly articulated alternatives – a clearly articulated heterodoxy.

Other more tangible efforts to reform economics involve the establishment of an internet archive and resource base for heterodox economists. This “hypertext” project aspires to link various heterodox economists together, breaking down boundaries between the various sects and providing students and teachers with access to a variety of heterodox ideas (Cohn and Schneider, 2003, 1). The project hopes to not only diminish the “paradigmatic insularity” and “paradigmatic chauvinism” between different groups of heterodox thought, but

also to “clarify areas of difference among heterodox traditions” (Cohn and Schneider, 2003, 3). The creators of this project admit that the major obstacle in designing a common resource for all heterodox economists is that there exists no coherent definition of what constitutes heterodox economics. The creators also point out that common ground could potentially breed greater communication within heterodox economics, as well as prove beneficial in the cross-pollination of ideas (Cohn and Schneider, 2003, 3).

While the heterodoxy of any discipline at the very least serves to prevent stagnation (Fusfeld, 2000, 171) and hopefully inspire some degree of change by highlighting the shortcomings of the orthodoxy (Landreth and Colander, 2002, 7), to do so would seem to require a coherent program of study. The future alternatives to doing so appear rather grim: either wait for an awakening of the orthodoxy that may never come or allow the orthodoxy to continue in its reign over the discipline. Inaction predominately caused by inarticulation could carry even more dire consequences, as one author suggests, “it does not require too active an imagination to see economics down the road, fully homogeneous and orthodox, but supplanted by public policy, sociology, or some other new discipline...joining theology and philosophy with a small coterie of scholars, few students, a culture of paranoia, and talking mainly to itself” (Goodwin, 2000, 183). From this perspective, heterodox economics is not only charged with overcoming the inertia of an entrenched orthodoxy, but with the future of the discipline itself. There exist grounds to be defended, but those grounds must be clearly articulated.

A lack of consensus with respect to the heterodox tradition may not necessarily be a sign of incoherency or impotence. Instead, this could be the result of continuous efforts of heterodox economics to diametrically contrast itself to the conventional description of the proper subject matter of economics by taking a more pluralistic approach. While there stands *an* orthodoxy, there stand *many* within heterodoxy and an inability to articulate heterodox economics on this point may be somewhat acceptable if there appears a more definitive description within some of the major heterodox groups of thought.

To be certain, there have been global events that have called into question the veracity of the orthodox approach to economic analysis. The long-standing globalization project and its encroachment on underdeveloped countries stands as one poignant example of the failure of the homo economicus model and the recognition that current growth models are not sufficient to explain the lack of convergence (Cypher, 1997, 170). Shock therapy proved only to shock some orthodox economists that changing the formal rules of the game is far from sufficient – a long standing assertion on the part of many heterodox economists. Whether these events will have any impact on economic education, research, and future policy prescription on the part of economists remains to be seen, but one thing appears certain: without coherent and articulated heterodox alternatives to fill the void, empirical failures on the part of the orthodoxy will be dwarfed by the failures of the heterodoxy to seize their opportunity to impact the discipline. And things will continue much as they already are.

Further Examination

Given the laundry list of groups of thought listed throughout both the secondary and tertiary literature as dissenting, it would seem more reasonable to select a sampling of potentially heterodox groups for closer examination within the secondary literature. Five such groups have been selected based on the tertiary and secondary literature reviews. The three groups of thought that were most referenced as heterodox in the literature, the Marxists/Radicals, the (Original) Institutionalists, and the Post Keynesians, will be deconstructed and scrutinized in order to ascertain whether any common traits emerge that might be considered trademarks of heterodox economic thought. The Austrians were not mentioned with the same degree of frequency as the above three groups of thought in the secondary literature and the group's classification as heterodox in the history of economic thought textbooks likewise appears tenuous. For this reason, the Austrians have also been selected for closer assessment in an effort to discern what makes the Austrian classification as heterodox appear somewhat halfhearted. Finally, the program of the New Institutional group, which was not mentioned more than three times with the sampling of secondary literature and was only cited by one textbook as dissenting, will be explored at length for two reasons: one, its nominally implied relationship with the Original Institutionalists, and two, its very weak association with heterodox economic thought. By examining these five groups of thought with varying proximity and affiliation with heterodox economics, it is hoped that the individual elements that constitute and are emblematic of the heterodox economics program writ large might emerge. A

brief analysis of the remaining groups of thought discussed by either the secondary or textbook literature will serve to round out the analysis.

CHAPTER 4: AUSTRIAN ECONOMICS IN THE SECONDARY LITERATURE

From the Mises-Mayer Debate:

I call myself a liberal,
But not from days of yore.
I say all things differently
Than those who came before...
I have some ideal types
We cannot do without
Or else we're really crippled
'Cause nothing else works out.
I therefore keep my values
At a distant stance
But he who thinks without them
In my view has no chance.
I state my values in black ink
So you will know just what I think.
I know this 'cause marginal utility
Sheds proper light on economy....
(Viennese songs from the Mises Circle,
translated by Oost-Zinner)

Austrian economics is a group without a home. There exists a great deal of confusion as to whether this tradition constitutes a variant of heterodox economics or a sub-branch of orthodox economics. Much of the secondary literature debates this very question with considerable fervor. Tracing the historical lineage of the Austrians back to Menger, it is discovered that contention over the nature of this group, heterodox or orthodox, has been one of its lasting legacies. It is hoped that by deconstructing some of the basic elements of Austrian economics that some indication of its place within the economics discipline will be revealed.

The Historical Misfits

Through the years the Austrian group has weathered a myriad of external intellectual embroilments as well as internal transformations. One theme, however, has remained constant: the Austrian group has never fit comfortably or conveniently into any historical niche. A study of the history of Austrian economics reveals that these misfits have continued to thrive and grow despite being shuffled, at times shoved, back and forth between the orthodox and heterodox camps. What also becomes apparent is a set of three distinct “Austrian” groups: those associated closely with Menger, the *methodenstreit*, and marginalism; those associated with the socialist calculation debate circa the 1930s; and those writings that appeared after the Second World War and were primarily focused upon developing a critical analysis of the welfare state. Debate revolves around each of these three traditions as to whether any one of them should be considered heterodox. If indeed one of these groups could be considered heterodox and the others not, the rationale for including all three under the Austrian name must also be examined.

The marginalist revolution, a watershed era in the discipline of economics, also proves to be the convenient starting point for a discussion of Austrian economics. Menger, one of the three main economists credited with the revolution that changed the face and content of the discipline, is also typically heralded as the founder of Austrian economic thought. What emerges from a study of the secondary literature on this particular time period is early confusion on the place of the nascent Austrian group within the field. Authors point out the

differences between the Austrians and the German Historical School – that much remains free of contention: the *methodenstreit* does indeed represent a sharp cleavage between these two rather distinct and disparate approaches to the discipline (Boehm, 2002, 317; Pearce, 1992, 21). There exists another argument that Menger and his immediate followers also represent a distinct approach from what would become the hallmark of mainstream economics, namely the continuation of the work of Walras and Marshall (Backhouse, 2003, 6; Boehm, 2002, 319-22). The *methodenstreit* marks one of the great debates in the history of economic thought. For some economists, it epitomizes the difference between Menger's deductive logic that is loosely associated with current orthodox economics and the German Historical School's inductive, empirical bent, attributed to some groups presently marginalized within the discipline. What this implies is the tendency of the founder of the Austrian group towards the kind of approach to science abhorred by some opponents to the mainstream: "In Menger's view, economics belongs to the group of theoretical sciences, which means that it automatically received the status of an exact science... For Menger...the status of exact science stems from the fact that it is possible to develop precise and universal theoretical laws explaining economic phenomenon" (Boehm, 2002, 317-8). That Menger was striving for a theoretical science and objected to the measurement and description before theory approach of the German Historical School is clear (Foldvary, 1996, 29); whether or not that places the early Austrian group within the mainstream of its time is not. By today's standards, albeit very loosely defined, the pretense of

universality of economic laws would land Menger squarely within the orthodox camp.

The Marginalist Revolution changed the standard operating procedure for the majority of mainstream economists. Where was Menger's, and consequently the neophyte Austrian group's, place with respect to this new mainstream? Despite the fact that Menger is credited as one of the economists responsible for this sea change in the discipline, some authors try to distance him from Walras and Marshall and present Menger instead as an alternative to their respective contributions to the Marginalist Revolution (Backhouse, 2003, 6).

The conceptualization of the economic agent – Walras' mechanistic individual versus Menger's imperfectly informed individual acting in an uncertain context – provides one example of how the foundations of Austrian economics may have contrasted with the mainstream of that historical time period (Boehm, 2002, 320-22). Menger's subjectivist approach is also posited to have expanded the parameters of marginalist thought to include disparities in time, expectations, and information (Boehm, 2002, 321-2). A question emerges that will revisit the Austrian group from this point in their development through to the present day: are these differences enough to distinguish the Austrians from the orthodox?

From the 1920s through the Second World War, the Austrian group became embroiled in another debate, this time revolving around the feasibility of a socialist economic system – the “socialist calculation debate.” The Austrians, most notably von Hayek, von Mises, and Lachmann, argued that a planned economic system was inherently inefficient. The reasons for these inefficiencies

were rooted in the Austrians' perceived necessity of economic calculation, which claimed that all societies, regardless of the economic system therein, require economic calculation due to the imbalance of scarce resources to unlimited human wants. Such calculation requires a homogeneous unit of appraisal, such as money prices in order for accurate, i.e. efficient comparisons to transpire. In socialist economies, the absence of relative, money prices to direct the market would forestall an efficient working of the economy. Coordinators within the planned economy could not possibly attain and process all of the knowledge that is inherently carried within the relative price system. The consequence is the inefficient allocation of resources (Elliot, 1985, 286-289). Efficiency, in other words, requires competitive pricing within a market system. Moreover, competitive pricing within a market system requires the institution of private property (Elliot, 1985, 305).

Through what became known as the "Socialist Calculation Debate," the Austrians distinguished their economic thought from that of the neoclassicals, who through various approaches to the debate, defended socialism (Lavoie, 1981, 41). The secondary literature does not reveal consensus with regard to where this group might be placed with respect to the orthodoxy of this time period:

- "Austrian economists were a major element in macro mainstream in the 1930s, to an extent that Austrian accounts overlook" (Backhouse, 2003, 7).
- "Austrian economics emerged as an independent (heterodox) school in the 1930s...during the planning debate, the leaders of the Austrian school progressively clarified their differences with respect to neoclassicals" (Palermo, 1999, 278).

The differences pointed out by those who would place the Austrian thinkers of the 20s, 30s, and early 40s in the heterodox camp pivot around the objections to the neoclassical conception of equilibrium theory (Palermo, 1999, 277; Beaud and Dostaler, 1995, 143). Yet there also exists the speculation that the Austrian tradition of thought did not constitute a program of study distinct from conventional thought, even by the respective Austrian's own standards, due in large part to its fragmented assimilation into the mainstream (Boettke and Leeson, 2). It remains to be seen whether this piecemeal cooptation would classify the Austrians of the Socialist Calculation Debate era as mainstream or not.

The final, distinct period in the development of Austrian economics occurs in the post World War II period. It is during this timeframe up through the present that the characterization of the Austrian group – orthodox or heterodox – is most hotly debated. Certainly the classical liberal bent of the Austrian group in the immediate post war period contrasted sharply with the fashionable Keynesian doctrine of the day. In fact, by the late 1940s, the work of Hayek and Mises appears by some accounts to have “redrawn” the dividing line between the Austrians and the mainstream (Boettke and Leeson, 9). It would seem questionable, however, whether ideological differences alone constitute significant dissent. Moving into the late 60s and early 70s, when Monetarism, New Classical economics, and their accompanying laissez faire ideology came into vogue, Austrian economics would seem to have experienced a renaissance of sorts. At least one author, however, states that the mid 70s represents the

first time in which “Austrian economics was established as a heterodox approach to economics” (Backhouse, 2000, 151). Considering that the classical liberal ideology reigned for the better part of the 1970s and 80s, it would seem that political ideology was not what distinguished the Austrian group from the mainstream of the period.

Ideological convictions and a well-defined disciplinary approach have historically made the Austrians an easily recognizable group within economics but at the same time has caused its leading thinkers to become entangled in heated debates within the profession. The Austrians appear to be quite indiscriminate with respect to their choice of intellectual sparring partners. Perhaps this has been the root of the confusion with respect to the placement of the Austrians within or without of the heterodox camp. Indeed, heterodox economics has historically zeroed in on one primary target: that of the prevailing orthodox thought.

What defines Austrian economics?

Whether or not any one particular group should be classified as heterodox, orthodox, or as something else entirely depends among other things, on what it is that constitutes the core of the respective group. By deconstructing the basic elements of the Austrian group, based on the characteristics various authors ascribe to Austrian economics, a picture of their research program should emerge. With the detailing of the Austrian group, it is hoped that potential classification and clarification within the heterodox or orthodox tradition will reveal itself. It is important to note however, that all economists who would call

themselves Austrian, or who claim some level of expertise regarding Austrian thought, do not necessarily or fully embrace even those characteristics or descriptions that would appear to evince consensus. Every proposition ever made is bound to have at least one contentious objector. Any claim that the attributes listed below are representative of Austrian thought appears because there is either a proliferation of the literature referencing that particular facet of analysis, or there does not appear contention with respect to its association with Austrian economics.

Attributes of Austrian Economics

From a review of the secondary literature, the strongest defining characteristic of Austrian economics would appear to be the importance of their conception of human action. In fact, much of the secondary literature on the Austrian group speaks of the primacy of purposive human action in the appropriation of resources and efficient functioning of the market system (Boehm, 2002, 329; Boettke and Prychitko, 1994, 246-7; Foldvary, 1996, 13, 27; Prychitko, 1998, 5; Samuels, 1989, 153; Yeager, 1997, 156). This conceptualization of human action includes the concepts of methodological individualism (Backhouse, 2000, 153; Samuels, 1989, 152; Walters and Young, 1997, 333; Whynes, 1984, 36; Rutherford, 1994, 48; Boehm, 2002, 318), subjectivism (Foldvary, 1996, 13; McKenzie, 1980, 4; Yeager, 1997, 154-5; Whynes, 1984, 36, 43; Walters and Young, 1997, 333), and the central economic role of the entrepreneur (Foldvary, 1996, 13; Whynes, 1984, 43; Yeager, 1997, 154-5; Dempster, 1999, 76). Methodological individualism exalts the individual

above the social collective, viewing society and its evolution as the aggregation of individuals and their actions (Rutherford, 1994, 31-2). Likewise, subjective valuation posits that the individual and his/her discrete preferences determine the value of any object – that objects alone do not possess an intrinsic valuation (McKenzie, 1980, 4). The role of the entrepreneur in the economy consists of greasing the wheels of the market mechanism through individual action (Yeager, 1997 154-5). All three of these concepts reinforce the notion of purposive human action and the primacy of the individual. These ideas, especially when mentioned in conjunction with one another, would also appear to be closely connected with the Austrian group. Indeed the study of human conduct, or praxeology, appears to represent a well-recognized and associated exhortation of Austrian economics (Backhouse, 1985, 379; McKenzie, 1980, 5; Samuels, 1989, 120-1).

Another theme that consistently emerges from an examination of the secondary literature concerns the idea of the market or competitive *process*. The Austrian conceptualization of the competitive market pivots on this unplanned process whereby individuals, especially the aforementioned entrepreneurs, continually and unwittingly drive the market towards equilibrium. In this respect the competitive market is not the result of planning or engineering on the part of any particular party but rather an evolving system predicated on the actions of individuals (Backhouse, 2000,153; Dempster, 1999, 76; McKenzie, 1980, 10; Whynes, 1984, 47; Rockwell, 5; Yeager, 1997, 154). This idea appears in a variety of incarnations, all of which allude to the dynamism of the market working

as an independent entity, usually accompanied by such descriptors as “spontaneous” order (McKenzie, 1980, 7; Rutherford, 1994, 164; Whynes, 1984, 51) and process without direction. This relates directly to another recurring thesis in Austrian economics, that of faith in the natural working of the economy, and the consequent imperative of a limited role for state action (Foldvary, 1996, 1, 68; Mair and Miller, 1991, 56; Prychitko, 1998, 27; Rockwell, 5, 8-9). This classical liberal sentiment appears with a strong degree of regularity throughout the secondary literature.

While a consistent, specific methodological structure, other than the reliance upon deductive logic does not seem to assert itself within the literature, persistent assertions regarding what methodologies Austrian economists do *not* embrace appear with some reliability. For instance, it seems fairly clear that the Austrian group does not hold much faith in the usefulness or the veracity of predictions (McKenzie, 1980, 7-9; Yeager, 1997, 157). McKenzie (1980, 7) suggests that while econometrics may be useful in historical analysis, it is not otherwise useful to economics, especially when used for the purposes of prediction. The use of empirical tests are therefore constricted to a specific purpose, one that is not necessarily, or at least purely economic in nature, and do not prove to be useful in economic analysis (McKenzie, 1980, 7; Backhouse, 2000, 154). In fact, as McKenzie (1980, 5, 8-9) points out, predictions stated with some degree of confidence may lull leaders into believing in the practicality of planning or controlling certain segments of the economy. As previously stated, any move toward planning or even widespread state action would seem to be a

major objection of the Austrian group as a whole. Whether the anti-state ideology or the anti-prediction methodology is the main preoccupation of the Austrians, which in turn reinforces the other belief, is not clear. What is clear is that these two ideas reinforce one another and appear consistent with the previously mentioned motifs of individualism, subjective value, and the importance of the entrepreneur.

Another methodological objection that appears within the secondary literature in describing the Austrian group is the rejection of certain types of mathematical formalism (Boehm, 2002, 323; McKenzie, 1980, 5; Yeager, 1997, 155). How much mathematical analysis should be allowed in the study of economics, however, is not as clear an issue. It would seem that objections to this particular methodological mode of analysis vary, not in a polarized fashion, but rather by degree.

There also appears within the secondary literature auxiliary descriptions of the Austrian group that, while not cited with as much frequency as the above features, do not seem to provoke debate and therefore are assumed to be if not accurate across the board, then at least not contentious characterizations of Austrian economics. These include the rejection of the sole reliance on the optimization motive in explaining human behavior (Palermo, 1999, 280-1), the problems inherent in the assumption of knowledge, specifically that of perfect knowledge (Mair and Miller, 1991, 65), that uncertainty plays a role in the outcome of any economic scenario (Foldvary, 1996, 13), and the usefulness in certain economic laws, such as the laws of supply, demand, and diminishing

returns (Whynes, 1984, 38). Once again, the recurring theme of individuation and the consequent purposive human action emerge indicating their foundational role in Austrian economics.

Contentious Attributes of Austrian Economics

In the examination of the secondary literature, there emerge a few suggested descriptions of the Austrian group that would seem to either contradict one another or are unclear in the degree to which they may be ascribed to Austrian economics. One example is the role that institutions play in Austrian analysis. While it is clear that generally speaking, Austrians agree that institutions are multifaceted, complex, and diverse entities that to a certain extent shape the economic world, whether or not they are important or influential enough to be incorporated into economic analysis remains undecided. Gloria-Palermo states that institutions are of “paramount importance” to the Austrians (in Boehm, 2002, 330), while Miller suggests that the Austrian approach is anti-institutional (in Samuels, 1989, 153). Along these same lines, the importance of historical context appears to be a cloudy issue as well: while a few authors suggest that historical time context is instrumental in Austrian analysis (Prychitko, 1998, 30; Whynes, 1984, 43), another author states that the Austrians are “anti-historical” (in Samuels, 1989, 120-1)

The concept of equilibrium likewise does not garner a widespread acceptance or even constitute a well-defined player in Austrian analysis (Boehm, 2002, 325). Whynes (1984, 41) states that as long as the government does not try to influence or otherwise interfere with the market, it will always move toward

the equilibrium state. Furthermore, the failure to reach equilibrium is the more general fault of exogenous variables according to the Austrian view (Whyne, 1984, 45). Gloria-Palermo, by contrast suggests that what the Austrians look for are “patterns” of behavior rather than the convergence to a single equilibrium state (in Boehm, 2002, 329). Presenting yet another view, Yeager asserts that in Austrian economics not only does the economy not have a tendency towards equilibrium, but also it “is in fact never reached” (Yeager, 1997, 155).

As previously stated, that the role of mathematics should be limited is generally accepted; however, where that limit should be placed is not. Yeager (1997, 155) suggests that some Austrians want to “ban mathematics” from economic inquiry, while Gloria-Palermo states that Austrians do not object to the use of mathematics per se, but rather to the use of “functional” mathematics (in Boehm, 2002, 323). It would seem, based on the objections Austrians present with respect to the use of predictions that their concern resides in the abuse of mathematics to manhandle or manipulate economic inquiry and analysis.

The final point of contention that emerges through an examination of the secondary literature revolves around the acceptance of positivism within Austrian economics – specifically, whether Austrians are indeed positivists or if they stand opposed to it. Miller states in no uncertain terms that, “Austrians uniformly see themselves as positivist and the discipline as value-free” (in Samuels, 1989, 155). McKenzie (1980, 1) points out, however, that Austrians identify positivism with “scientism;” a term coined by Hayek and used pejoratively by him and the descendents of the Austrian group to describe the inappropriate application of

the natural science methodology to the social sciences. Yeager (1997, 155) presents an interpretation that may be deemed as a compromise between the two previously mentioned conjectures: “(Austrian economists) understand how the corpus of economic propositions can itself remain positive, even though it combines with plausible humanitarian value judgments in supporting a libertarian political philosophy.” Despite the potential partial reconciliation, this detail regarding the Austrian approach to economics is not trivial.

Austrian Economics – Orthodox, Heterodox, Neither, or Both?

How do these various characterizations of Austrian economics compare to the orthodox view? Passionate arguments often ensue with respect to the proper place of the Austrian group in the economics discipline. Authors on both sides of the divide state in no uncertain terms their reasoning for including the Austrians in either the orthodox or heterodox camp. As such, the secondary literature does not appear to yield any insight on the issue of whether Austrian economics may be included in the company of heterodox economics.

Austrians are Orthodox!

Several authors state unequivocally that the Austrians are either mainstream or, even more specifically, that they are neoclassical (McKenzie, 1980, 1; Messer-Davidow, 167; Yeager, 1997, 164). This would seem to be evidenced in Dugger’s statement, “Austrians swim with the mainstream” (in Samuels, 1989, 122), and furthermore, that the only difference between mainstream and Austrian economics consists in the Austrians’ desire for the

mainstream to become even more orthodox: “Austrians are critics of mainstream economics only so far as they criticize the mainstream for not being mainstream enough. They are economic fundamentalists, not economic dissenters” (in Samuels, 1989, 115). Others point out that many Austrians cut their teeth on neoclassical/mainstream theory, and furthermore, have historically been a sub-branch of the mainstream (Foldvary, 1996, 23; McKenzie, 1980, 1). Perhaps this is because the Austrians truly are misunderstood but it would seem that in order for such opinions to exist and to be stated, in some cases rather emphatic terms, there must exist some areas that are shared, complementary, or at least not inconsistent with orthodox thought.

So how do Austrian ideas fare with respect to groups that most economists accept as being exemplary of conventional thought? Authors cite the growing number of Austrian articles appearing in “top tier” journals as an indication of, if not acceptance, then at least a significant degree of assimilation into the mainstream (Boettke and Leeson, 10-11; Rockwell, 11). Another possible litmus test of at least compatibility with mainstream ideas consists of the inclusion of a particular group’s insights in the economics classroom. Rockwell (155) cites the dramatic increase in the presentation of Misesian ideas in economics, from “dozens” two decades ago to “hundreds” presently, and goes on to state that, “Austrians are the rising stars in the profession, the economists with the new ideas that attract students...” The Austrian group is also mentioned alongside more widely acknowledged orthodox groups of thought, such as the

New Keynesians, the Chicago/Monetarists, and neo-Chicago groups (Yeager, 1997, 164; McKenzie, 1980, 1, 12; Tcherneva, 2001, 109).

Although economists might disagree on a precise description of orthodox economics, there do appear certain tenets that could be generally associated with the mainstream. Those attributes that appear to be consistently associated with Austrian analysis that are also commonly connected with mainstream thought include methodological individualism and the acceptance of certain economic laws, such as supply, demand, and diminishing returns. The shared passion for methodological individualism as well as the shared belief of individual agency in choice and preference formation (Backhouse, 1985, 378; Howard and King, 2001, 789; Lavoie, 1992, 7-10; McKenzie, 1980, 4; Walters and Young, 1997, 331) represents the greatest area of overlap. Indeed, for the Austrians, economics is a science of choice, the star of which is the individual. Austrians also embrace the marginalism that is so representative of the mainstream, specifically, the neoclassical group, as illustrated by the acceptance of the veracity of the marginal productivity theory of wages (Samuels, 1989, 135). The Austrian emphasis on the problem of coordination, specifically in different economic systems resounds through mainstream analysis as well (Mair and Miller, 1991, 61) and has allowed some Austrian ideas to permeate the inner circle of the economics discipline (Boettke and Leeson, 11).

Austrians are Heterodox?

Despite similarities to orthodox economics, differences between Austrian thought and the mainstream exist, but the question then becomes: are there

similarities between Austrian and “heterodox” thought? As Boettke and Leeson (8) point out, certain Austrian themes, such as that of subjective valuation, uncertainty, and process could appear either consistent or not inconsistent with heterodox work. Is this enough to classify Austrians as heterodox?

Although very few of the authors surveyed used the term heterodox explicitly when describing the Austrian group, there were quite a few who seemed to assert that Austrian economics is definitely *not orthodox*. Since it is difficult to delineate exactly what is meant by “heterodox” economics, it becomes all the more difficult, if not impossible to juxtapose Austrian thought against them in the same manner as with orthodox thought. Therefore, in searching for the proper place for the Austrian group, the areas of inconsistency and opposition to the mainstream must be examined in an attempt to assess the degree of difference between the two groups. The depth and scale of these differences it might be argued would be a deciding factor with regard to whether the Austrians could or should be classified as heterodox.

The most often asserted difference between orthodox and Austrian economic thought concerned the lack of realism, or similarly, the oversimplification of orthodox models (Foldvary, 1996, 14, 30; Prychitko, 1998, 5; Whynes, 1984, 40). The sharpest areas of demarcation or attempted differentiation from the mainstream fall into two categories: general equilibrium analysis and accepted methodological practices.

Opinions on the orthodox focus on general equilibrium range from flat out rejection to a more subtle dismissal of the mainstream’s preoccupation with the

concept. This would seem to reinforce the previously noted difficulty of assessment of the Austrian position on equilibrium analysis. It would therefore appear that while some Austrians would take issue with the use of equilibrium analysis, others might not have a problem with it per se, "The insistence of high theorists on equilibrium...probably encouraged most modern Austrian economists to avoid...equilibrium models; but it should be noted that the use of equilibrium concepts as an aid to analysis is not alien to the Austrian tradition" (Mair and Miller, 1991, 56). Additionally, the Austrian's study of the market as a dynamic process contrasts with the mainstream's static conceptualization (Prychitko, 1998, 5-6; Pearce, 1992, 21). In searching for the bottom line on the Austrian position on general equilibrium, it would seem to be fair to state that Austrian scholars have problems with the primacy of theory and its use as a tool rather than as an explanation of behavior that drives process. The question remains: is this criticism enough to classify the Austrian stance on general equilibrium or equilibrium analysis as heterodox?

With respect to methodology, authors broadly acknowledge differences between the Austrian and orthodox approach, but present a wide range of suggested discrepancies. For instance, the Austrian focus upon process would seem to contradict the mainstream's focus on optimality. The same may be said for a variety of other areas: Austrian focus on disequilibrium, not equilibrium; process, not statics. Likewise, the Austrians do not focus on facets that are easily quantifiable and calculable, such as risk and functional relationships but rather on factors that are individually determined and driven, such as uncertainty

and causal relationships. The same range of differences is pointed out with respect to the use of mathematical analysis. As previously stated, some authors highlight the Austrian contention with the mainstream focus on formalism and mathematical modeling, others econometrics and statistics. Despite the inconsistencies in degree with which Austrians reject mathematics as a viable methodological approach, the fact that there exists *any* rejection to the insertion of mathematical technique would appear inconsistent with the orthodoxy's quest for rigor in economic analysis. Once again, the question remains: is this enough to qualify the Austrians as heterodox?

Other tenets that are not associated or that present an inconsistency with orthodox economics include the central role of the entrepreneur, the depiction of the market and competition as a process, the rejection of usefulness of prediction, and the rejection of the primacy of the optimization motive. Features that authors affirm differentiates Austrians from orthodox thought include the Austrians' use of uncertainty (Prychitko, 1998, 5) and knowledge (Mair and Miller, 1991, 66) as well as the shift in focus off of the perfectly competitive model to the entrepreneur acting within the market process (Prychitko, 1998, 37).

Another area of difference between the orthodox and the Austrian groups involves the issue of ideology. It is not clear whether the anti-state ideology is necessarily consistent or inconsistent with mainstream thought. The discrepancy that is clear between orthodox and Austrian thought is the role which ideology plays in their respective economic analyses: the mainstream underplays the impact of government, the Austrians elevate it (McKenzie, 1980, 12); the

mainstream is concerned with social outcomes, the Austrians with social structure (McKenzie, 1980, 6); the mainstream believes government should control or guide monetary policy, the Austrians believe the free market should control everything (Rockwell, 9). In the mainstream analysis, cost-benefit analysis should dictate government action, while the Austrians believe that the protection of liberty should limit the role of the government (McKenzie, 1980, 6). Therefore, while it is not clear whether the accepted ideology serves as a useful delineation between the Austrians and orthodoxy, it is clear that they could potentially be separated according to the role that ideology plays within their respective studies of the economy.

The list of departures does not ring so nearly as important as the tone in which each of these items is delivered by its respective authors: the differences between the mainstream and Austrian economic thought are presented as marginal, and overall, Austrians would seem to be a aberrant branch of orthodox theory. It would also appear that while authors avoid the term heterodox, they have less of a problem with terms such as “alternative”: “Modern Austrian economics offers an alternative theory of economic life...” (Foldvary, 1996, 31) and “Austrians have shown a growing interest in other alternatives to mainstream economics” (Mair and Miller, 1991, 40). Indeed, none of these authors used as strong a word as deviant, dissident, or heterodox in describing the disparities between Austrian and conventional economic thought and even the word alternative, which might be interpreted as attempting to displace the orthodox paradigm appears tempered or subdued in its use: “...Austrian economics

is...an 'alternative conception of the entire neoclassical project', not an alternative to it" (Foldvary, 1996, xiv, emphasis original). Even if the Austrians, after further examination could be dismissed as non-heterodox, the analysis of this group within the context of the orthodox/heterodox discussion would seem to be useful insofar as determining the degree of difference necessary to qualify as heterodox.

Both?

Given the difficulty in classifying the Austrian tradition as either heterodox or orthodox, it is not surprising that some authors would suggest that Austrian economics is both: "Contemporary Austrians straddle heterodoxy and orthodoxy w/in the economic profession. They offer a heterodox critique of formal theory, but contribute to the policy consensus that has emerged in the past 20 years, that has moved away from state-led development to a more laissez-faire position..." (Boettke and Leeson, 12). While this may not be useful in taxonomizing the various groups of economic thought, it does provide further evidence that classification and clarification with respect to heterodox and orthodox economics presents a formidable challenge.

The difficulty, it would appear, stems from their history, or more specifically, the fact that the Austrian group traces their lineage to Menger, whose contribution to the Marginalist Revolution marks the beginning of neoclassical thought. Indeed, many authors cite the "neoclassical heritage" of the Austrians as one of the key components in their potential classification as orthodox (Foldvary, 1996, 35). Their subsequent critique of certain tenets of the

mainstream would appear, however, as a significant departure from that tradition. The implications of Austrian economics comprising both heterodox and orthodox thought might not be viewed optimistically: “What is still wrong with Austrian economics? We have failed to fully come to terms with our neoclassical heritage and our heterodox critique” (Foldvary, 1996, 35).

A potential obstacle in the classification of Austrian thought resides in the perceived heterogeneity of both heterodox and orthodox economics. With such a broad range of groups in each camp, the likelihood that Austrian economics would contradict or complement, agree or disagree, with certain factions within each becomes not just possible, but probable. Another theory for the potential cross-classification is that Austrians may simply enjoy *perceiving* themselves as heterodox, or as Dugger states, “Austrians take pleasure in and profit from their posturing as the persecuted dissenters of economics... Austrians pretend to be a viciously persecuted minority, when in fact they are not” (in Samuels, 1989, 115).

Several authors state in a variety of ways that the Austrians could be interpreted as mainstream, but appear different because they either explicitly address something that the orthodox dismisses or use a variation on the same methodological theme. Austrian economists, for example, may consider certain variables, such as capital, heterogeneous as opposed to the neoclassical assumption of homogeneity. Austrians are also posited to speak the same message of orthodox, but do so in a different language, that of “natural” language as opposed to a mathematical one (Foldvary, 1996, 14, 27). This would seem to

be confirmed by the observation that Austrians typically arrive at the same conclusions as the mainstream but through slightly different means and with different government policy implications (Boettke and Leeson, 12). History and empiricism represent a shared dismissal, but the use of deductive logic as opposed to formal mathematical analysis presents a minor deviation on the part of Austrians from the orthodox approach (Rutherford, 1994, 23). The list of minor omissions and variations continues: to Austrian economists, the means and the consequence of action are subjective, while to the neoclassical, only the end result is subjective (Dempster, 1999, 76); to Austrians, the choice specification of neoclassical theory is too rigid and creates an unjustifiably exacting interpretation of human action (Mair and Miller, 1991, 55); Austrians focus on the importance of the price system whereas the mainstream focuses upon its models (Rockwell, 5); Austrians and neoclassicals use the same theory, but read different policy implications from it (Mair and Miller, 1991, 63); to neoclassical economists, theory is a tool, to the Austrians, it is an explanation (McKenzie, 1980, 9); Austrian economics is a free market version of neoclassical (Boettke and Leeson, 4). These authors would seem to be saying that the Austrians are less rigid or perhaps committed to a different ideology than the mainstream which in turn gives the appearance of difference.

Just as there appear some characteristics whose association with Austrian thought is questionable, there are also some descriptions of Austrian thought that are not clearly connected to orthodox thought. For instance, the Austrians are clearly anti-state, yet it is not clear if this same blanket statement may be made

for orthodox economists as well. This is also true for the Austrian acceptance of imperfect knowledge and uncertainty – while some orthodox groups, such as rational expectations economists, would accept the premises of imperfect information and uncertainty, it is not clear that this group is indeed representative of the rest of orthodox economics. For instance, inconsistencies and differences between other groups classified as orthodox and the Austrian group are highlighted. The New Keynesian and modern information economics, for instance, is subjected to an Austrian critique of analysis, specifically in the manner that the New Keynesians handle knowledge and information with respect to the pricing system (Foldvary, 1996, 30-1). Divergence between the Austrians and the Chicago group does not appear through ideologies or the focus on individualism, but rather through different fundamental principles used to arrive at those conclusions as well as the resulting political analyses (Whynes, 1984, 33). With respect to monetary theory, the Austrians believe in the non-neutrality of money over the short-run – a belief that stands quite opposed to the Chicago group's theory of monetary neutrality across time periods (Whynes, 1984, 48).

So while the anti-state position and the acceptance of imperfect information and uncertainty are consistent with some branches of orthodox thought, it is not apparent that these attributes are representative of the mainstream. It would seem that the Austrian group is sometimes consistent with some branches of orthodoxy on certain issues and sometimes inconsistent with other branches of orthodoxy on different issues. While this observation may

encapsulate the Austrian position, it does little to determine whether the Austrians are heterodox or orthodox.

Conclusion: Confusion

Why the confusion? What is the cause of the Austrian case of being somewhat orthodox, sometimes heterodox? Perhaps it is the fact that since its inception, the Austrians have never been easily classified. Perhaps the Austrians are and have been in a long process of transitioning or transforming into either orthodox or heterodox, the end result of which remains to be seen. The transformation and evolution of both the orthodox and heterodox camps would seem to prolong this process were it an accurate assessment. Perhaps consensus is on the brink of emerging and an insufficient amount of time has been allowed for this consensus to appear in the secondary literature. If this is the case, communication with economists could reveal such.

In addressing those descriptions of Austrian economics about which there emerges contention, the consistency with orthodox thought depends upon which side is taken in the methodological debate. If one were to accept that Austrians were in fact anti-institutional, anti-historical, and that they embrace the idea of convergence to equilibrium, then one could conclude that these descriptions are indeed consistent with orthodox thought. If, however, one were to take the opposing view on any of the above listed characterizations, then the only conclusion possible would be that these proposed tenets of Austrian thought do not coincide with the conventional approach. Clarity with respect to Austrian

economics is therefore necessary before clarity with respect to how it may be juxtaposed against orthodox economics.

After assessing Austrian economics, unpacking its various methodological components and measuring them against that of the mainstream, it does not appear that a judgment may be reached regarding in which camp they may be placed. The weight of the importance of each variable would seem more important than an obvious critical mass in the number of descriptions. Moreover, as some attributes of Austrian economics are still up for debate, declaring any one variable as indicative of heterodoxy or orthodoxy could tip the scale in one direction. It is therefore unclear from the mere assessment of the basic description of Austrian economics whether or not they are orthodox or heterodox. Indeed, it would seem that even if a coherent definition of heterodox economics existed, it would be difficult to assess the Austrian's place, as there appear not insignificant attributes that are also ascribed to mainstream economics.

It would appear that the most ardent arguments arise from those authors stating that the Austrians are mainstream or mainstream with minor caveats. There exist less emphatic statements that the Austrians belong on the heterodox side of the divide, with very few authors using the term "heterodox" explicitly, instead opting for less contentious descriptors, such as "alternative" (Foldvary, 1996, 31; Mair and Miller, 1991, 40). There also appear assertions, although fewer in numbers, that Austrians in fact are both orthodox and heterodox. Indeed, there would not seem enough evidence to determine the nature of Austrian economics. The fact of the matter is that even when examining one

specific author, the respective opinion was likely to vacillate between orthodox, orthodox with minor caveats, not orthodox, and both orthodox and heterodox. Nearly all opinions regarding where to place the Austrians appear conditional and contained an element of “well, the Austrians could also be seen as...” Whether this is indicative of the political correctness that would seem endemic in the secondary literature in defining heterodox economics or if it is because writers simply are not certain where the Austrians belong is not immediately transparent – perhaps it is because the term “heterodox” itself remains unclear.

There is plainly a need for further investigation from sources perhaps with less of a vested interest in whether the Austrians and their readily admitted devotion to classical liberalism are heterodox; specifically from historians of economic thought. Clarification of the Austrians position within the discipline as well as the justification and rationale for that position would possibly contribute to the clarification of the heterodox program writ large. While consensus has not emerged in the scholarly literature in this regard, consensus that would allow for articulation may emerge by engaging in a dialogue with these scholars.

CHAPTER 5: ORIGINAL (OLD) INSTITUTIONALIST ECONOMICS IN THE SECONDARY LITERATURE

“Institutionalists have been notoriously quarrelsome and independent cusses, so getting them all within the perimeters of a manageable definition is not easy – it is a bit like herding stray cats” (Whalen, 1996, 31).

The roots of the Original (Old) Institutional (OIE) tradition trace back to the turn of the century and the work of Thorstein Veblen who wrote in reaction to the consequences of the Marginalist Revolution on the direction of economics. John R. Commons and Wesley C. Mitchell are the other generally recognized founders of Original Institutional thought, although all three have been said to represent rather disparate lines of work within the same tradition. The movement continued to gain momentum through the first three decades of the twentieth century, specifically in response to the rise and entrenchment of neoclassical thought. What happened after the Great Depression remains the subject of speculation and debate.

The place of the Original Institutionalists inside or outside of the mainstream as well as their existence as a distinct group of thought has been a source of contention among economists since the post World War II period. Boulding claimed in a 1957 panel discussion hosted by the AEA, that the OIE movement petered out in the 1930s and could thus be considered defunct: “there is not today anything which would be called either an institutionalist ‘movement’ in economics nor even an institutionalist group” (Boulding, 1957, 1). Over four decades later, Coats (2000b, 190) would agree with Boulding in stating that the OIE movement was dead or declining by the early 1930s. Having been overshadowed by the Keynesian revolution (Boulding, 1957, 11-2) and

separately by the Parsonian trend in the social sciences writ large, it would seem that the OIE faded into the background of the discipline.

Other economists on the same panel disagreed with Boulding. Gruchy, for instance, claimed that the OIE still held significant sway in the policy arena despite its lack of significant influence in the halls of academia (in Boulding, 1957, 15). Ayres replied to Boulding by stating that given the rising influence of and at times popular resistance to technological growth, and likewise, the impact of this Western modernization on the rest of the world, that “Future economic thinking will be known as institutionalism” (Boulding, 1957, 27). Yonay writing forty years later would seem to concur that the Original Institutionalists did not decline during the 1930s but enjoyed considerable influence through the interwar period. Furthermore, it was only after the Second World War that the OIE experienced a decline, having managed to maintain influence in policy for approximately another twenty years, ironically enough due to the tenacity of two central second generation OIE figures, Gruchy and Ayres (Yonay, 1998, 53-4, 66, 76).

Moreover, it would seem that the Original Institutionalists have not necessarily been considered heterodox for the entire span of their existence. According to Yonay, (1998, 53-5) the OIE were not marginalized within the economics profession until sometime during the sea change in academic and policy arenas during the Second World War. As evidence, Yonay (1998, 56-7) cites that two of the top four powerhouses in the academic world during the interwar period, which produced from one-quarter to one-third of PhDs in

economics, all housed and were dominated by major figures in the OIE movement: Mitchell at Columbia and Commons at Wisconsin. It was only after members of the OIE turned their attention to the more pressing policy matters of the time that they lost their grip in the academic arena (Yonay, 1998, 58). Rutherford (2000, 185) as well speculates that the OIE could not be considered heterodox during the time span between the World Wars. Although the OIE of the interwar period were not part of, nor did they share any of the core of mainstream theory, Rutherford (2000, 185) claims that the OIE were not marginalized in any institutional sense from journals, conferences, or academia until after the Second World War.

The course of the Original Institutional movement and its place within or without the heterodox fold has historically and continues to remain the subject of speculation. The reasoning behind the exclusion of the OIE from heterodoxy during the interwar period would seem to center on the movement's institutional acceptance within academia. This, however, begs the question of whether institutional marginalization is both necessary and sufficient to declare any given group as heterodox or not. Furthermore, Rutherford states that even though the OIE should not be considered heterodox during the interwar period, they also should not be considered orthodox or part of the mainstream. This would seem to imply that some in-between classification should exist, one that captures dissent without marginalization – an implication that would seem to impact groups such as the Austrians and New Institutionalists in particular.

Attributes of Original Institutional Economics

The core beliefs of the modern tradition of Original Institutionalism in economics stand clear. While the secondary literature is liberally sprinkled with claims that the institutionalists are a diverse lot (Heilbroner and Milberg, 1995, 99-100; Whalen, 1996, 1996, 31), presenting a fragmented body of thought (Fischer, 1986, 364), and joined mostly by their shared distaste for orthodox economics (Beaud and Dostaler, 1995, 147), there did not appear any contradictory claims of what represents this group with respect to scope, method, or ideology. It would appear that in this regard, the modern OIE group presents a reasonably well-formed and well-recognized, albeit expansive and eclectic (Yonay, 1998, 68-9), body of thought. The scope, method, and ideology of the OIE naturally shape the theory of this group as well. While a core, fundamental theory may not readily reveal itself, and the presence of a theory at all is of some contention, there does appear a consistent description of a variety of OIE theories in the secondary literature.

Scope

The scope of Original Institutional economics, by the very nature of its line of inquiry, extends well beyond the borders of mainstream economics (Foldvary, 1996, 83). The idea of the embedded economy constitutes the heart of the OIE's understanding of economics and in this conceptualization, all spheres of life – social, political, cultural, economic – interact and are entangled in such a way as to demand analysis from a holistic perspective. As such, the OIE examine the interplay of social, cultural, and political institutions with the

economy, and do so within their respective historical time contexts. Likewise, the role of habits, customs, conventions, and rules in shaping perceptions and subsequently affecting economic behavior, also fall into the breadth of economic analysis for the OIE.

This broadening of the scope of economics to include the range of human emotion and interaction with social norms is obvious in the manner in which specific issues, such as those relating to gender and the family are addressed (Foldvary, 1996, 92). Issues, such as power, specifically corporate power, figure large in the work of the OIE who believe that such issues must be included in the purview of meaningful economic analysis. The role corporate power plays in defining the relationship between capital, labor, and ultimately national income; in determining price; and in the social impact of its interaction with the political sphere thus cannot be ignored (Dugger, 1989, 106; Stanfield, 1995, xvi-xvii). Additionally, the endogeneity of technology – the reciprocal impact of technology on society's institutions and the impact of the structure of society on the path and direction of technology – become integral to the economic inquiry and analysis of the OIE (Stanfield, 1995, xiv; Whyne, 1984, 88; Yonay, 1998, 66-7).

According to the OIE, context must be considered and integrated into economic analysis if it is to contain any meaning or veracity. If heterodoxy may be vaguely sketched as an approach to economics that moves beyond the market, spilling over into other spheres of life and livelihood, then the Original Institutionalists would certainly seem to qualify with respect to scope. The conceptualization of the economy as the embedded economy represents the

foundation of OIE thought and not only shapes the scope of OIE, but commands a more holistic approach to its study as well.

Methodology

The Original Institutionalist borrows methodology as well as subject matter from its sister social sciences. This treading into lands unfamiliar to the conventional economist does not represent an imperialistic encroachment into the other areas, such as taking topics and issues and subjecting them to the orthodox rigor. Rather, the OIE study of economics consists of a substantivist approach. Economic inquiry is thus treated as a comprehensive study of the larger social environment and its effects on resource allocation, exchange, production, and distribution. The methodology of the OIE may be more specifically described as holistic (Beaud and Dostaler, 1995, 103; Foldvary, 1996, 16-7, 88; Mair and Miller, 1991, 216; Prychitko, 1998, 10; Johnson, 1996, 3; Rutherford, 1994, 4) and interdisciplinary (Foldvary, 1996, 16; Mair and Miller, 1991, 229; Pressman, 1999, 91; Stanfield, 1999, 246) as it envisions the economy as merely part of a greater, fully integrated whole.

With the embedded economy as its guiding principle, it is imperative for the Original Institutionalist to include cultural analyses, historicism, behaviorist, and descriptivist examinations in his/her study of economics (Foldvary, 1996, 16-7). Closer inspection reveals an anthropological approach, using for instance, comparative systems analysis (Stanfield, 1995, xv; Whalen, 1996, 19-20). In this respect, empiricism stands as a hallmark of the OIE methodology, which uses qualitative data gleaned through case studies, biographies, participant

observation, and interviews (Dugger, 1990, 427; Foldvary, 1996, 17; Samuels, 1989, 153; Stanfield, 1995, xvi) as the basis of economic analysis and policy prescription. This holistic approach is based on the idea of pragmatism, instrumentalism and the belief in economics as the practical science of “social provisioning” (Dugger, 1989, vi; Foldvary, 1996, 3; Stanfield, 1999, 240; Whalen, 1996, 31). In other words, the study of an economic system best serves its constituent individuals by implementing this contextually based approach through which practical policy prescription might be designed in such a manner as to advance innovation and economic progress.

Ideology

In its ultimate goal of a more equitable social provisioning (Stanfield, 1999, 243), Original Institutional economics readily accepts and acknowledges the ideological undercurrent of its study – its rendering of economics as a “moral science” (Stanfield, 1995, xvi). The market, far from working perfectly or equitably (Foldvary, 1996, 87), does not on its own insure the wellbeing of citizens and society writ large. The OIE therefore believe in aggressively pursuing a more equitable society as through redistribution policies and extension of the reach and responsibility of the welfare state (Stanfield, 1995, xvii-iii).

Moreover, the OIE fully embrace the notion of social control, whereby citizens work together in an effort to protect themselves from potentially destructive forces (Stanfield, 1999, 240, 248). Institutions, such as powerful corporations, may have vested interests in the functioning of the economy

(Stanfield, 1995, xvii-iii) and less of an interest in individuals or even society. The OIE thereby advocate extensive regulation of corporations by citizens through demands for greater transparency and limiting the corporate sphere of influence both politically and culturally.

The source of the more equitable society and of social control as envisioned by the OIE is that of democracy (Dugger, 1989, 4-17; Dugger, 1990, 428; Stanfield, 1999, 240) not as a mechanism in and of itself, but as a process of reasoned discourse which then lends to the informed participation in collective decision making. Members within the OIE may vary with respect to degree but in some form or fashion, believe in collective action (Mair and Miller, 1991, 216; Rutherford, 1994, 4; Samuels, 1989, 153; Whalen, 1996, 32) such as democratically determined economic planning (Dugger, 1990, 428; Samuels, 1989, 116; Stanfield, 1995, xvii-iii). Obstacles to true democracy must however, be removed to insure that all citizens are allowed to participate and that corporate influence does not creep back into the political process (Stanfield, 1995, xvii-iii). The OIE ideology and its themes of equity, democracy, and the leashing of powerful institutions provide the basis for its theories.

Theory

Original Institutional theory as described in the secondary literature is comprehensive as it is more inclusive of societal elements than orthodox theory, is descriptively rich (Foldvary, 1996, 17; Yonay, 1998, 68), and is instrumental in nature (Mair and Miller, 1991, 213; Stanfield, 1995, xvi). But what do the OIE have a theory *of*? The two theories which appear most frequently in the

secondary literature concern theories of prices and institutions, but by dissecting the theoretical foundation upon which price and institutional theory are constructed, a multitude of foundational theories rise to the surface.

A theory of institutions would seem to be a natural outgrowth of the Original Institutionalists' scope of inquiry and methodological approach, but this would also appear to be a tautological description: what does it mean to have a theory of institutions? While stated in many different ways, the summation would appear to be that economic action, reaction, processes, and systems are all shaped by societal norms and the socialization of its constituents. Closer inspection, however, reveals a theory of institutions predicated on a strong theory of institutional formation.

The underlying emphasis of the OIE research agenda is that of evolution. This evolution is not couched in a deterministic manner, allowing for the predictability of some future end state, but consists rather in the study of the dynamic process by which a society changes (Dugger, 1990, 426). The course of social change is determined in large part by the interaction between and among its constituent institutions and individuals. Likewise, social change along with this interaction catalyzes the formation and evolution of the institutions themselves (Johnson, 1996, 3; Whalen, 1996, 31) so that institutional formation and evolution are endogenous to this dynamic system. Encompassed in this dynamic, evolving system is the concurrent – causal and consequent – evolution of technology and innovation, beliefs, habits, and power relationships (Whynes, 1984, 88). The evolution of society is therefore conceived as the cumulative

effect of these changes. As such, the theory of cumulative causation is the linchpin in the theory of institutions and institutional formation (Dopfer, 1986, 509). According to the OIE, it is the role of economists to study these ever evolving institutions along with the cause and impact of their change (Prychitko, 1998, 9-10; Whynes, 1984, 74).

An integral part of this evolutionary theory of institutional formation concerns forces within a social system that serve to either catalyze or stymie change. In this respect, the OIE have developed a theory of polarized forces in the economy. In the classic Veblenian dichotomy, to which this theory may be traced, there appear two sets of forces in society: ceremonial and instrumental. Ceremonial forces are culturally based beliefs and traditions that deliberately or unconsciously inhibit innovation and economic progress. By contrast, instrumental forces such as technology alter the current stock of human and physical capital and in doing so, propel innovation and economic progress. The crux of this theory is that progress is endogenously determined by these two (potentially) countervailing forces which are composed of and sustained by a society's institutions. There exist many incarnations of the Veblenian dichotomy, for instance, the "predatory" versus the "serviceable," however, the premise remains the same: within any evolving system there are two sets of forces at work, one that generally reigns in progress and one that advances it. Both are driven by the institutional configuration and evolution therein, and both reveal that technology, institutional formation, and progress are endogenously determined. Economic progress is thus an instituted process.

The study of the economy as an instituted process naturally culminates in theories which are contextually based. In OIE consumer theory, the wants of the individual are endogenously determined; that is the social, political, cultural, and historical environment in which an economic agent operates likewise functions to form and shape the tastes and preferences of that individual – the consumer (Stanfield, 1995, xiv). The most pervasive and manipulative institution in this cultivation of consumer wants is the business enterprise. Consumers are taught through aggressive marketing efforts to attach emotion and value to physical goods. Consumers are thereby conditioned and socialized to believe that tradition, ritual, mores, ethnic identification, insecurities, depression, and so on can be identified or remedied in psychoanalytic fashion by commodities. These endogenously derived wants, driven in large part by producers, comprise demand and are therefore instrumental in the formation of prices.

The theory of price formation of the OIE continues the theme of the influence of the instituted process whereby prices are shaped by the institutional context from which they are derived. In this theory, the most ubiquitous and prevailing institution is the corporation. This theory of prices corresponds with the theory of institutions whereby corporate interests work to develop and in the end manufacture the wants and preferences of individuals, resulting in contrived, rather than derived demand (Keller, et al, 1982, 942; Samuels, 1989, 176; Stanfield, 1999, 239). Looking to the roots of the OIE, one finds this theory of contrived value explicitly in the work of Veblen, where value is determined by its

instrumentality in proving one's social status (Yonay, 1998, 67), thereby affirming personal worth and assuaging insecurities.

Furthermore, prices are deliberately administered by the firm – a reflection of the OIE's recurring theme of corporate power. Thus, according to the OIE, there exists a dual pricing system: market prices and administered prices. Market prices follow the basic rules of supply and demand, sliding down with downward turns in aggregate demand. Those industries, in which prices are administered, however, keep constant prices during fluctuations in the business cycle, varying output and employment instead of prices (Lee and Downward, 1999, 861). As a result of these stationary, administered prices, the self-equilibration mechanism of the market is forestalled and downturns exacerbated (Rosenof, 1997, 33-5).

There are additional theories as well; ones that are not mentioned with the degree of frequency as the two above, but that would appear to be consistent with the Original Institutionalist framework nonetheless. For instance, the OIE would seem to espouse a theory of collective action or "methodological collectivism" (Whalen, 1996, 32). It is through this theory of collectivism that the OIE substantiate society's power edifices and their ability to collectively and sociologically condition the general public. The individual is thus conceived as a part of a greater whole, a byproduct of social engineering on the part of the government, corporations, and other social institutions whereby the economic action of the individual is collectively instructed and directed (Mair and Miller, 1991, 215). This theory of methodological collectivism would seem to further

substantiate the ideological proposition of the OIE that collective action *against* such institutions is not only possible, but desirable as well.

The theoretical framework of the OIE also assumes that resource endowment is endogenously determined by the existing legal infrastructure, technology and intellectual property rights, and culture rather than exogenously given. This proliferation of theories would seem to contradict any notion that the Original Institutionalists do not offer or present any sort of theory. Furthermore, all of the theories frequently and even not so directly associated with Original Institutional thought hinge upon a consistent theme – that of variables that are endogeneously determined within an embedded economy.

The Original Institutional and the Orthodox

The differences between Original Institutional thought and that of the orthodoxy would appear to be clear cut and unambiguous. The orthodoxy does not recognize nor incorporate institutional context into its analysis at the very least to the same extent as the OIE. In fact, there would seem to be significant and recognizable differences in every category: scope, method, ideology, and theory.

Scope

With respect to the scope of economics, the OIE generally charge that the frame of inquiry for orthodox economists is much too narrow (Gruchy, 1987, 1; Yonay, 1998, 132). For instance, the OIE claim that the mainstream either neglects or ignores important variables in their study of economics, such as

power relationships (Dugger, 1989, 9; Grossack, 1980, 925; Mair and Miller, 1991, 212), institutional framework (Cohn, 2003, 9) and non-economic spheres (Foldvary, 1996, 87), social and cultural preference formation and manipulation (Keller, et al, 1982, 942; Stanfield, 1999, 239), the other social sciences (Keller, et al, 1982, 942), and broadly speaking, anything that cannot be subjected to mathematical rigor (Dugger, 1989, 121). The inclusion of habits, customs, or any convention of like ilk would upset the rational, certain, and perfectly informed man of orthodox analysis and in the end, prove much too messy for the functional form of orthodoxy. The core belief in the embedded economy dictates that topics considered by the orthodoxy to be exogenous, extraneous, or simply too complex to incorporate become central to the economic analysis of the Original Institutionalists.

Perhaps the most cogent illustration of the differences in the scope of economic inquiry resides in the mainstream's conceptualization of the "market." The disparity between how these two groups of economists depict the market continues the theme of the embedded versus the disembedded economy. The orthodoxy's *a priori* conception of the market consists of a detached entity, whereby any aggravating variables are exogeneously determined, statically held constant, or assumed away entirely. The notions of static equilibrium and the ideal state of optimality likewise appear to be teleological machinations rather than true representations – the economic agent and the social context within which he/she operates are ignored in the orthodoxy's conceptualization of the market (Mair and Miller, 1991, 211-2; Prychitko, 1998, 9). By contrast, the OI

economist conceives of the market as a social construct, one that cannot be isolated from societal influence and then analyzed in any meaningful way.

Furthermore, while the Original Institutionalist would consider the market to be a reactive institution, one that is manipulated rather than actively deterministic, the orthodox economist instead appoints the market to the center of economic inquiry, around which all economic theory revolves and by which it is ultimately resolved (Dugger, 1989, 106). According to the OIE, the market is used as an instrument for powerful interests and corporate motives (Dugger, 1989, 106; Prychiko, 1998, 10); the self-equilibrating auctioneer system of orthodox analysis that efficiently and expeditiously doles out scarce resources appears to be fictitious and mostly a less than useful abstraction (Mair and Miller, 1991, 211-2; Prychitko, 1998, 10). For the orthodox economist, the study of the market is thus the end objective while for the Original Institutionalist it is a means for understanding society and social problems writ large.

Method

Methodologically speaking, the Original Institutionalist once again accuses the orthodox economist of using approaches that are far too restrictive and narrow (Stanfield, 1999, 252; Whalen, 1996, 32). This conflict of approach is best illustrated through a comparison of the formalist and substantivist methodologies. The current orthodox approach to economic inquiry may be described as formalist whereby attention is focused on form, as in mathematical rigor rather than to substance. Accordingly, the technical rigor of the mainstream as exemplified by formalist and econometric mechanics tends to reduce the

study of economics to quantitative calisthenics and analyses with no dimension or texture. Furthermore, although treated as universally applicable, these formalist techniques serve to constrict orthodox economic analysis to the industrialized, Western, capitalist systems. Context thus becomes subordinate to form as the orthodox economist dogmatically adhering to these carefully constructed forms assumes away, holds constant, or exogenizes any potentially disruptive facet of the economy. The formalist approach is thereby reductionist in nature, allowing many integral and interesting components of the economy and society at large, such as ethics, habits, conventions, culture, power, and institutions, to fall to the way side (Foldvary, 1996, 16, Gruchy, 1987, 41; Mair and Miller, 1991, 214; Stanfield, 1995, xv). It would seem that while the orthodox economist finds virtue in the one-size-fits-all approach to economics, the OIE finds such an approach to be impractical and irrelevant, if not implausible.

The substantivist approach entails a much more comprehensive and flexible approach to the study of the economy, such as that permitted in the case and comparative studies of the OIE. The embedded economy, the heart of Original Institutionalist economics, demands that contextual analysis drive economic inquiry, as economics is defined as the study of an instituted process: the study of individuals interacting with their surrounding environment. The conceptualization of the economy and all actions taken therein are thus the cumulative result of social relations and social interaction. According to the OIE, the individual is a social creature, one that does not make decisions, economic or otherwise, in a vacuum, and therefore the milieu, the cultural, social, political,

historical environment within which the individual acts, must be considered. Form is thereby subordinated to context and the ability to generalize becomes significantly less important than the ability to describe and explain. The substantivist approach of the OIE, the cornerstone of Original Institutional methodology, would therefore seem significantly different than the formalist approach of the orthodoxy.

Ideology

The orthodoxy would appear to present an array of views on the role of the government in the marketplace, ranging from allowing the economy to self-equilibrate on its own to using some degree of government fiscal and/or monetary policy to push the economy towards equilibrium. Regardless of the degree of government intervention proposed, the orthodoxy would seem to base their respective proposals on two central convictions with which the OIE would take issue: one, the economy contains an innate tendency towards an equilibrium state which is inherently efficient; and two, this belief in the equilibrium state is based on objective economic analysis.

The orthodoxy would seem to put much credence into the idea of an equilibrium state. The OIE by contrast are not fully convinced that such a state exists; that if it does in fact exist, that the economy naturally tends toward it; or even if the first two points are conceded, that the end equilibrium state offers a just balance between efficiency and equity. Indeed these doubts provide the crucible from which the OIE espousal of social control through a collective, truly democratic participation of constituent citizens is born.

If the ultimate goal of orthodox economics is indeed one of objectivity, then a natural by-product of such would be the barring of ideology. Indeed, orthodox economics neither confesses nor attempts to discover any potential ideological slant to their work (Weintraub, 1977, 477). The OIE would be inclined, however to disagree and argue that the orthodox approach to the discipline is unapologetically in favor of efficiency over equity and capitalism over any other economic system (Foldvary, 1996, 90-3; Stanfield, 1995, xvii). This is evidenced in the latent assumption of stability of the capitalist system and the use of efficiency, specifically that of Pareto efficiency, as the yardstick of a successful economic system (Keller, et al, 1982, 942). By contrast, the Original Institutional tradition, whether of the radical breed or otherwise, unapologetically admits to an ideological subtext and the belief in the inseparability of equity and efficiency (Stanfield, 1999, 243). The capitalist system is much more tenuous in the OIE interpretation of the economy and even if were it not so, capitalism would not necessarily yield the most socially beneficial or desirable results (Stanfield, 1995, xvii).

Theory

Speculations regarding Original Institutional theories abound. Orthodox economists, for instance, often accuse the OIE of being all talk and no theory (Fischer, 1986, 364; Stanfield, 1999, 232), a statement with which OI economists would most certainly take issue (Yonay, 1998, 67-8). Perhaps this difference in perception stems from divergences in the formation and utilization of theory for each group. The OIE would not seem to place the primacy the orthodoxy does

on the presentation of painfully constructed theories as the OIE seem more concerned with substance than form, explanation than generalization. As such, the OIE present contextually specific theories whereas the orthodoxy proposes to generate universally applicable ones. The differences may be most easily illustrated in a comparison of orthodox and OIE theories of price formation.

According to Stanfield (1999, 232), price theory of the orthodox variety that relates price formation to the value of the good is not the focus of OIE work. Price and value, in other words, are not equated as value consists in the contribution to society rather than to ability to generate revenue. In lieu of prices determined solely by the disinterested laws of supply and demand as in conventional analysis, the OIE theory of prices insists that some industries, especially those which exercise concentrated corporate power, administer prices. As such, prices are not driven by some mythical force (Mair and Miller, 1991, 213). Moreover, administered pricing, which states that prices are kept within a constant range regardless of the state of the economy, challenges the entire edifice of orthodox price theory. In a system with administered prices, the inertial resistance of price movement prevents and indeed worsens the ability of the economy to self-equilibrate (Rosenof, 1997, 34). Instead of the orthodoxy's flexible prices equilibrating supply and demand, under the theory of administered pricing, output and demand adjust to the static price level determined by corporations with vested power (Rosenof, 1997, 35).

This theory of price formation also ties in very closely to the endogenous wants of the individual. In this sense, price theory is much different than the

orthodox conceptualization whereby price is determined in accordance with its physical production value and market demand while assuming as exogeneously given the tastes and preferences of consumers. The Original Institutionalist thus extends price theory much further than the orthodoxy by examining the culturally and socially determined values that shape the consumer's perception of a product's value and ultimately determine that product's price on the market (Mair and Miller, 1991, 213). Orthodox price theory in its much narrower, mechanistic determination obfuscates the power wielded by corporations as they shape cultural values and societal norms and are thereby able to administer price (Stanfield, 1999, 239). The OIE theory of prices thus appears much more comprehensive than that of orthodoxy as the OIE, "allows consideration of the possibility that popular perceptions of the good life are distorted, debilitating, even dangerous, and are so configured at least in large part in the service of the vested interests of the powerful few" (Stanfield, 1999, 239).

From the perspective of the OIE, the mainstream theories regarding everything from price to unemployment operate within an institutional vacuum, where any messy variables are exogenized, assumed away, or compartmentalized quantitatively (Dugger, 1989, 9; Stanfield, 1995, xv). The static, equilibrium oriented analysis of the mainstream clearly contrasts with the dynamic theory of social and economic change of the OIE. Furthermore, the absence of any theory of institutions or theory of institutional formation or even the potentially inhibiting forces of ceremonial tendencies leaves a gaping void in the explanatory power of orthodox theories according to the OIE. Once again,

we find the recurring theme of reductionist accusations from the OIE camp. The question remains – is this what makes the old-line institutionalist group heterodox?

Original Institutional Economics as a Model of Heterodoxy?

Given the veritable laundry list of differences between the orthodox and the Original Institutional groups of thought, it would seem that the OIE would be a clear-cut example, perhaps even the model of heterodox economics. This, however, is not always the case as argued in the secondary literature. Foster suggests that the central conflict resides in the regulation of the economy, and that neoclassical and OI economists are otherwise concerned with the same “questions of interest” (in Mair and Miller, 1991, 211). Whynes (1984, 88) intimates that the differences between the two seemingly disparate groups is a social construct whereby there exists an expectation for them to be at loggerheads rather than the existence of actual animosity: “...(original) institutionalist political economy is essentially complementary to standard economic theory, even when economists of (original) institutionalist persuasion offer their...colleagues few compliments (and vice versa).” Another source parallels the OIE and what the authors refer to as “enlightened” orthodox economists “who believe in the endogeneity of and variability of preferences and the possibility of preference-shaping” (Keller, et al, 1982, 942).

What these authors would appear to be arguing is that the OIE group simply presents a more inclusive version of the orthodoxy and a more drastic remedy for imperfections. This proposition would seem superficial at best,

however, and the differences between the OIE and the orthodoxy to cut deeper than a simple circumference of inclusion or concern. Despite these references to possible common ground between the mainstream, or at least certain strands of the mainstream, and the OIE, the suggested congruence would appear to be insubstantial and not well supported by others in the secondary literature.

What is conspicuously missing in the secondary literature is any detailing of how the sundry differences between the OIE and mainstream traditions in turn constitute the heterodoxy of the Original Institutional group. In this litany of differences, in other words, there does not appear to be a red flag that would signal heterodoxy. The absence of an explicit detailing within the literature of why the OIE might be considered heterodox may be the result of the newness of the term, or perhaps scholars feel it is too obvious to warrant a written statement. The omission, however, does not shed any light on what it is about the OIE – scope, method, ideology, theory, or some combination thereof – that causes it to appear to be heterodox. Perhaps by directly questioning scholars with respect to the OIE as a model of heterodoxy, insight will be revealed regarding whether a group must present a comprehensive alternative to orthodoxy, such as the OIE appear to do, or if a group must simply be different from orthodoxy in some significant manner in order to qualify as heterodox.

CHAPTER 6: NEW INSTITUTIONAL ECONOMICS IN THE SECONDARY LITERATURE

“...Can there at least be a new direction that will gradually draw economists away from their tired repetition of stale and sterile arguments? Some economists believe this new direction could come from....new ‘institutional economics’...”
Leonard Silk, New York Times, September 24, 1980

Although the body of thought called New Institutionalism was not so dubbed until 1975 by Williamson (Beaud and Dostaler, 1995, 155; Langlois, 1986, 2), the beginnings of this relatively young tradition trace back to the 1937 article by Coase on the theory of the firm (Beaud and Dostaler, 1995, 145). It would seem ironic that this group finds the source of its inspiration in a contemporary of the Original Institutional group, yet did not come into its own until almost forty years later. North and Williamson are otherwise heralded as the founding fathers of the New Institutional group; however, each follows different research agendas (Pressman, 1999, 175) in much the same manner that the three progenitors of Original Institutionalism employed very different approaches to their respective studies of institutions and the economy. Although difficult to summarize succinctly, North is most known for pursuing issues in economic history and transactions costs and Williamson specifically for his focus on transaction costs analysis.

Although the work of New Institutionalists is somewhat easy to discern from that of economists working in the tradition of Old Institutionalism, both groups are sometimes referred to in the literature by the same name, “Neo-Institutionalism.” Eggertson (1990, xii-xiii), for instance, states that the Neo-Institutionalist “seek(s) a new synthesis of neoclassical and institutional

economics” with a particular focus on the idea of transaction costs. Foster speaks of contributions the Neo-Institutionalist could make by continuing work in the areas of “non-linear dynamics, game theoretics and behavioralism” (in Mair and Miller, 1991, 229). The Neo-Institutionalist title is also associated with the idea of transaction costs (Furubotn, 2001, 133) and contracts (Drobak and Nye, 1997, xvi), ideas that would appear distinctly “New Institutional.” All of these references would seem to suggest that Neo-Institutionalism could be more closely associated with New Institutionalism. Gruchy, however, writing in the early 1970s, clearly has a different intent with his use of the word Neo-Institutionalist. Although Gruchy does distinguish the Neo-Institutionalists from the Original Institutionalism of Veblen (1974, 16), it would seem that he is referring to the work of later generations of Original Institutionalists, specifically, Ayres, Galbraith, and Myrdal (1974, 287). Gruchy goes on to state that these Neo-Institutionalists do not fully reject the tenets of conventional economics, but rather “go beyond it” (1974, 16-7), rejecting the natural science model and using economics as a social science (1974, 288). This dual use of the term Neo-Institutionalist might seem to suggest a connection between the Original and New Institutionalists. If such a relationship indeed exists beyond nominal association, it would seem to intimate that perhaps New Institutionalism by proxy could be considered heterodox. What then needs further exploration is the relationship between the NIE and OIE as well as the relationship between the NIE and the mainstream.

Regardless of the gaps in time or in development of work, the New Institutional group would seem to share one cohesive element – all operate within the neoclassical context (Beaud and Dostaler, 1995, 145; Prychitko, 1998, 155). It is this characteristic, however, that is the root and major cause over the contention of whether this group may be described, like their predecessors, as heterodox, or if they merely represent another branch of mainstream analysis. In order to assess the nature of the New Institutional group and to furthermore assess their position in either the orthodox or heterodox camp, an examination of their basic tenets is required. Additionally, the New Institutional critique of the mainstream, if such a critique exists, must be thoroughly probed in order to decide if a critical mass of dissent exists that could potentially place this group in the heterodox camp.

Attributes of New Institutional Economics

What makes a New Institutional? The answer is difficult. Authors refer to sets of dichotomous branches within New Institutional thought. For instance, Rutherford writes of three such pairs of divergences or “growing bifurcation(s)” of New Institutional thought: formalist research and literary work, (i.e., historical), both of which use conventional economic analysis (1994, 21); a division between those members who accept the premise of maximizing behavior, such as game and agency theorists, and those who instead recognize an evolutionary perspective (1994, 68); and a neoclassical strand of New Institutionalism and an Austrian variant (1994, 4). Langlois (1986, 1-2) inventories five categories of New Institutionalism: transaction costs

institutionalists, following Williamson; property rights institutionalists, following Coase; Austrians following Hayek; evolutionary institutionalists, following Nelson and Winter; behavioralist institutionalists, following Simon; and then alludes to the existence of even more categories. Moreover, Langlois (1986, 537) divides the general New Institutional tradition into two groups based on the type of institutions addressed: either social and cultural institutions, or legal and political institutions. Drobak and Nye (1997, xvi-xvii) mention a public choice variant alongside a core of New Institutionalism with four main research agendas, but then intimate that few of these economists are interested in or see the relevance of all four packaged together.

What would seem to stand out from this inventory of sub-groups within the New Institutional tradition is not the diversity that such a range of research agendas might evidence. Rather what would seem remarkable about the list is the mention of two groups – Austrian and Public Choice economics, as these two traditions of thought might be said to straddle the line between orthodox and heterodox economics. Indeed, it would seem that these three groups of thought – NIE, Austrian, and Public Choice –that appear most difficult to classify in terms of heterodoxy versus orthodoxy share more than just the middle between the two camps. Perhaps some common ground exists that pushes these groups beyond the periphery but not far past, or at least far enough to reside in true heterodox territory.

Scope

The scope of the New Institutional program would appear difficult to describe. The secondary literature does not yield a consensus on what is considered the domain of economics for the NIE and while not presenting diametrically opposed versions, offers descriptions of the scope of New Institutional economics that do not necessarily jibe. Social institutions, such as myths, habits, norms, and beliefs, are said to influence behavior such that decisions made by the individual are based upon rationality within the specific individual socio-institutional context. What is presented in the New Institutional literature, therefore, is an economic agent who makes choices which are rational and optimizing within his own world that is shaped by his ideological beliefs, regular patterns of behavior, path dependence, and perspective of right and wrong (Pressman, 1999, 176; Rutherford, 1994, 78). In this way it would seem that the New Institutional is still able to embrace the neoclassical model of behavior and speak in individualistic terms, yet recognizes, at least to a degree, the influence of institutions. Thus, institutions, rational economic man, and individualism all comprise key components of New Institutional thought. It would appear that such a broadening of the scope of conventional economics to allow for institutional context in the discussion of the individual would preclude the heterodoxy's frequent lamentations regarding the orthodoxy's abstraction of the individual, yet Foster (in Mair and Miller, 1991, 225) and Hodgson (in Prychitko, 1998, 156) both state that New Institutional thought maintains that abstraction.

Foster points out the inconsistent conceptualization of the economic agent in Williamson's work whereby the individual, acting internally within the firm, does not display typical maximizing behavior because of the institutional, perhaps bureaucratic constraints therein. Otherwise, Williamson conceives of the individual as acting according to the rational, maximizing rules of the neoclassical world in his actions that are external to the firm's operation, i.e., in the market (in Mair and Miller, 1991, 225). Hodgson notes on an even more general level that the treatment of the individual still employs abstraction in NIE analysis. The institutional milieu in which the individual is proposed to operate is hypothesized and then still taken as given once actual economic analysis begins. Hodgson thus claims that the NIE still employ an abstracted individual who is simply situated in a different abstraction. As such, the formation of that contextually different individual is not explored nor does it constitute a part of actual economic inquiry (in Prychitko, 1998, 156).

Moreover, the idea of rationality within the individual's personal context gave rise to the term "bounded rationality," which is often directly associated with New Institutional thought (Dugger, 1990, 427; Dugger, 1989, 1-2; Langlois, 1986, 252; Rutherford, 1994, 70). The term bounded rationality is meant to describe the rational economic agent acting within his/her own contextual world; a world that is thus bounded by his/her individualized perceptions and the limits of his/her knowledge base. Authors, however, disagree to a certain extent on exactly how rational this bounded rationality truly is: opinions range from "very weak rationality" (Drobak and Nye, 1997, xix) to "quite rational" (Furubotn, 2001,

134). What remains especially unclear from this examination is the significance in degree of difference between the New Institutionalist conception of rationality and the orthodoxy's. In other words, it is not clear whether the NIE have pushed beyond the boundaries of orthodox thought or simply rearranged the boundary, leaving its limits intact. The distinction would appear important in deciding the nature of New Institutionalism and whether it is a heterodox group or another fork of the mainstream.

The individual, aside from having his rationality bounded by his institutional context, is also self-interested (Backhouse, 1985, 377; Vanderberg, 2002, 217); although the New Institutionalist version of uncertainty coupled with the individual's institutional context, might, as one source suggests, cause the individual to become uncertain of what his self-interests are or should be (Pressman, 1999, 176). This would appear to weaken other attributes of the individual that the secondary literature connects with New Institutionalist thought, such as strict rationality, economizing behavior (Rutherford, 1994, 4), opportunism (Dugger, 1990, 428-9), and transactor guile (Dugger, 1989, 1-2), all of which would seem to belie uncertainty on the part of the individual. Another source states that within New Institutionalist thought the individual determines his behavior by looking at all possible and likely outcomes and then choosing an action or strategy in classic game theory fashion (Palermo, 1999, 282). The influence of institutional context would thus appear to present a consistent theme throughout the various descriptions of the scope of New Institutionalism. Indeed, the NIE conceptualization of the individual would appear substantially different

from the typical orthodox conception of the individual acting in a disembedded economy. But does this addition of context to the conventional paradigm fall far enough from the orthodox tree, or does this twist on the orthodox conceptualization of the individual demonstrate that the New Institutionalists are just another branch?

How far the New Institutionalists take their institutional analysis and where it takes them would therefore seem important in the determination of the nature of the NIE group. The secondary literature does not seem to agree as to whether the institutions of NIE analysis shape the individual and the market in a unidirectional, causal fashion; if the reverse is true; or if instead there is mutual causation. Furthermore, it is not clear whether or not the NIE believe that the interaction between society's institutions and the market occurs in a comparative static manner, or if instead the NIE ascribe to the endogenous formation and evolution of institutions as proposed by Original Institutional thought. Thus, while the importance of institutional context would seem to be acknowledged within New Institutional thought, it is not clear whether the institutions of NIE analysis are perceived as dynamic, endogenously evolving entities or as static assumptions meant to make orthodox economic theory appear more realistic. Clarity in this regard alone would seem to make a definitive statement of whether the scope of New Institutional economics could be considered heterodox or merely an extension of orthodox economic thought.

Method

On the subject of methodology, a great deal of contention would appear to exist with respect to the New Institutional approach to the study of economics. For instance, while Drobak and Nye (1997, xvii), and Foster (in Mair and Miller, 1991, 226) characterize New Institutional methodology as interdisciplinary and holistic, Rutherford (1994, 127) describes the group's approach, at least that of the game theorist NIE, as ahistoric. Indeed, Palermo (1999, 280) claims that New Institutionalists primarily rely on logic to the exclusion of historical context while Drobak and Nye (1997, xviii) contend the reverse. While it has yet to be determined whether an interdisciplinary methodology could be considered an identifiable trademark of the heterodox tradition, what would seem clear is that the application of ahistoric analysis and the primacy of deductive logic are recognizable hallmarks of orthodox methodology. While once resolved, this particular issue of methodology would not necessarily push the New Institutional group squarely into the heterodox camp. A holistic, interdisciplinary and thus contextually historic approach, however, would certainly go a considerable distance in distinguishing New Institutional thought from the orthodoxy. This matter of approach clearly needs to be addressed before any assessment of the nature of the NIE might be hypothesized.

The issue of the use of formalism, or the focus on the structure of economic analysis rather than the content, as well appears inconsistent, albeit to less of a degree. While the secondary literature would seem to agree that formalism constitutes part of the New Institutional approach, the degree to

which the approach is embraced does not appear to elicit consensus.

Comments on the New Institutionalists' use of formalism range from "more formalist" (Rutherford, 1994, 4) to "formalism, though not unappreciated, is less important" (Drobak and Nye, 1997, xv) to the citation of Coase's argument "forcefully against the misuse of formalism" (Foldvary, 1996, 26). While these differences may seem trivial, especially in light of the other more controversial issues surrounding New Institutionalist methodology, formalism is a hot button topic in the discussion of the dividing line between heterodox and orthodox thought. Indeed, the importance placed on formalism would seem to present the one clear demarcation between orthodox and heterodox economics and as such, would appear to most clearly determine on which side of the divide a group falls. It would thus seem crucial to the articulation and determination of the nature of New Institutionalism to clearly communicate to what degree formalism constitutes a part of the NIE methodology.

Another conflicting statement about the New Institutionalist group centers on the assertions of reductionism in their approach to economics (Fine, 1999, 404; Nelson, 2003, 51). Claims of this sort would seem to be at odds with other descriptions of New Institutionalist methodology that include case study analysis and narratives (Drobak and Nye, 1997, xviii) which might seem by their nature to be more comprehensive than the reductionist analysis typically associated with orthodox economics. Whether reductivist techniques were applied to the seemingly more contextually cognizant application of case studies and narratives would depend upon the range of questions applied to a case; a distinction that

would not appear fully explored within the secondary literature. Likewise, some contention would seem to emerge with respect to the comparative approach of the New Institutionalists. Rutherford (1994, 159) and Williamson (in Dugger, 1990, 143) describe this approach as “comparative institutional”, and Drobak and Nye (1997, xviii) describe it as simply a “comparative analysis,” while Palermo (1999, 280) states that New Institutionalists employ an “equilibrium comparative statics approach.” Moreover, Stanfield (1999, 248) states that the New Institutionalists attempted but “failed to initiate development of a comprehensive institutional analysis.” The employment of a comparative approach employed by the NIE would thus seem in need of further clarification as the difference between the comparative methodology of anthropological analysis and the comparison of static states is not trivial – the former would seem more consistent with the methodology of heterodoxy while the latter more consistent with that of orthodox economics.

Not only is there a question of how much the NIE expand the scope of conventional economics with the incorporation of institutional analysis, if at all, but there would also appear a lack of consensus regarding what type of approach, whether institutionally based or not, this group pursues. The methodological devices of reductionism and comparative statics have provided areas of criticism of the mainstream for groups who self-describe as heterodox. Clarification regarding whether New Institutionalist thought would subscribe to these methods would seem to give some indication of the nature of the group

and serve to either distinguish them from or further conflate them with orthodox economics.

Perhaps the contention that arises with respect to the methodology of the New Institutional group stems from the perception of a bifurcated division within their economic thought. This division is so pronounced according to Rutherford (1994, 21) that it is reminiscent of the separation at the turn of the twentieth century of the Old Institutionalists from neoclassical thought. Such a stark analogy would seem to suggest that clarification of the NIE program itself is implausible, much less clarification of the placement of the NIE within or without of heterodox economics. Perhaps the contention regarding the nature of the NIE emerges instead because the New Institutional group has not taken the lengths that their similarly named predecessor took in a concerted effort to distinguish itself from mainstream thought. Indeed, Rutherford (1994, 181) notes that the New Institutionalists see themselves as applying “more standard economic approaches to institutional issues.” If this is in fact the case, then the New Institutional group would not appear to be as distinct from the orthodoxy as some other potentially heterodox groups, at least with respect to methodology. For this reason alone, the New Institutional methodological approach to the study of economics requires further clarification.

Theory

While institutions, social and otherwise would seem to play an integral, albeit not clearly specified role in the economic process, the New Institutional group focuses upon the transaction as its primary unit of analysis. It is here that

the idea of transactions costs (Dugger, 1990, 428-9; Drobak and Nye, 1997, xvi; Foldvary, 1996, 73; Mair and Miller, 1991, 225-6; Vanderberg, 2002, 220), or the implicit and explicit costs of conducting an exchange, arises. Transaction costs would certainly seem to present a widely recognized issue within the New Institutional group. Moreover, transaction costs represent a departure from the orthodox line of thought which seems to be habitually inclined to treat transaction costs as negligible, indeed as zero. It remains to be seen whether this represents a significant departure from the orthodoxy or just the relaxing of a tight assumption of mainstream analysis.

New Institutional economic thought also addresses the prospect (although not necessarily of OIE, i.e. endogenous, ilk) of an evolutionary process of market and institutional formation with respect to path dependence (Drobak and Nye, 1997, xv; Mair and Miller, 1991, 225-6). This would seem at least on the surface to be contrary to the non-evolutionarily inspired market process of the mainstream. The literature goes on to state that the NIE would, following Adam Smith, believe that these processes may result in unintended consequences (Rutherford, 1994, 4), but what is less than clear is whether the consequence is considered by the New Institutional group to be the most efficient outcome or not. This would seem to present a less than important point as even inefficient outcomes are considered within orthodox theory which currently practices widespread acceptance, attention, and concern for market failures or imperfections, such as with the considerable interest in the issue of externalities. The critical issue then is the evolutionary theory of markets and institutions,

specifically whether evolutionary is portrayed in a deterministic manner or as a matter of endogenous determination. The distinction of such within the NIE theory of institutions would serve to differentiate the New Institutional group from orthodox economics.

The literature furthermore indicates that the New Institutional group questions a number of issues in the general equilibrium theory of the orthodox, such as perfect knowledge, certainty, and the mainstream's version of non-bounded rationality (Palermo, 1999, 279). Dissent with respect to general equilibrium theory would seem to provide an important criticism of the core of orthodox thought, and therefore prove important in the articulation of the nature of the New Institutional tradition. As such, it would appear that the theory of the New Institutional group contains elements at odds with at least portions of orthodox theory. What remains to be seen is if these differences are distinct enough and critiques contemptuous enough to classify New Institutional theory as heterodox.

Ideology

The New Institutional group would appear from an examination of the secondary literature to be closely correlated with the Classical Liberal political philosophy (Mair and Miller, 1991, 224; Prychitko, 1998, 158; Rutherford, 1994, 155). Where the literature does not state this association explicitly, attributes ascribed to the group would all seem to support and present characteristics of Classical Liberal thought, such as the NIE's focus upon the importance of property rights and their perception of the performance of the market mechanism.

Mixed opinions emerge with respect to the New Institutional attitude towards markets. Rutherford (1994, 162) and Backhouse (1985, 377) both speculate that New Institutionalists as a group look favorably toward markets, and moreover that the NIE believe that markets, in conjunction with competition, yield efficient outcomes. Rutherford (1994, 130) continues by stating that New Institutionalists, however, do acknowledge and take into account market failures, although this is contradicted by Drobak and Nye (1997, xvi). It would thus appear that the primacy of the market mechanism, especially over that of government intervention in the smoothing of business cycles, would offer a key tenet of the New Institutional ideology whereas government intervention in the case of market failures might be deemed more acceptable, if only by degree. Indeed, Stanfield (1999, 248) observes that the New Institutional group is “strongly infused with the market mentality,”

Another angle to this story of ideology presents itself: if New Institutionalists believe that failures and imperfections exist, then what should the role of the government entail? Dugger points out that New Institutionalists, specifically, the work of Williamson, demonstrate that the self-interested market mentality can be detrimental to the greater good (1990, 428-9). Along these same lines, other authors suggest that the New Institutional group appears to also have problems with the ideas of Pareto criteria and Pareto optimality (Rutherford, 1994, 152, 159). It would thus appear that some degree of government correction in the economy is generally acceptable within NIE policy prescription. While this political stance would not seem necessarily to conflict

with the favored status of markets or their potential to render efficient outcomes, it would seem, however, to address the issue of equity. When the position of government correction is taken into account in conjunction with statements such as Dugger's (1989, 2) that "...The 'New Institutionalism' is (an) ideological defense of the status quo masquerading as economic science" it would seem that the New Institutionalists would prefer to keep government tinkering in the economy to a minimum.

Moreover, the New Institutionalist group generally appears critical of government intervention in the economy (Rutherford, 1994, 130). The recognition of government failures, such as the misallocation of resources would seem to further support the claim that the role of the government according to New Institutionalist thought should be restricted to removing inefficiencies and protecting property rights, corrective measures (Rutherford, 1994, 163) as opposed to redistribution, industrial, or aggregate demand policies. As discussed in chapter three, interventionist strategies are frequently associated with potentially heterodox or at least non-orthodox groups. Indeed, it would seem that government correction of market failures and inefficiencies serves the objective of efficiency over that of equity and in so doing, presents an ideology at odds with interventionist strategies geared towards the purposes of equity of the potentially heterodox groups. Ideology would therefore seem to fail to distinguish the NIE from orthodox economics. Prychtiko (1998, 11) argues that New Institutionalism was in fact born of the "neoclassical property rights literature."

Of course, whether the NIE as a group, would embrace this particular ideology remains an open question. Once again, the notion of a divided New Institutionalism presents itself, this time in the discussion of ideology. Rutherford (1994, 156) describes a contractarian approach which provides “a rational foundation for modified liberalism,” although which type of liberalism, modern or classical, and how it would be modified is not detailed. There is also mention of the public choice strand of thought within New Institutionalism, which introduces the self-interest motive to the political arena, thereby questioning the motives of the government in its decisions to intervene in the economy (Drobak and Nye, 1997, xvi-xvii). Drobak and Nye (1997, xvi) also believe that the New Institutionalist portrayal of the government differs from the orthodox conceptualization as the former does not perceive the government as a planner or auctioneer, but as an entity directed by special interests. Neither of these descriptions of variations on the New Institutionalist theme would seem to contradict the Classical Liberal label that has been tacitly attached to the group.

While it has yet to be determined if the ideology of a group influences or should influence whether any particular tradition might be called heterodox, it would appear that groups who are not associated with the left engender skepticism with respect to their heterodoxy. This is evidenced by the debate surrounding the nature of the three Classical Liberal leaning groups, the Austrians, Public Choice economics and the New Institutionalists. It would seem significant that the three free market groups deemed to share much common ground would be the subject of so much debate. Perhaps this is because some

economists believe as Prychitko (1998, 158) suggests, that “It is relatively easy to demonstrate the links between neoclassical orthodoxy and classical liberalism,” although there would historically appear convincing arguments to the contrary.

To be certain, there exist other elements besides ideology that contribute to the large lack of consensus on whether any of the three groups should be classified as heterodox or orthodox, as determination of such would not seem to pivot on ideology alone. Certainly, it would seem that the area of theory provides a greater matter of distinction for the New Institutional group from the orthodoxy than the areas of scope, method, or ideology. What remains to be seen, however, is whether a differentiation within theory alone provides the critical mass required to dub New Institutional thought as heterodox. Furthermore, and perhaps more importantly, remains the question of if the differences found in the theoretical arena are indeed *different enough* from orthodox thought.

New Institutional Economics as a Fork in the Mainstream

Some economists claim that New Institutionalism simply presents a variation on the orthodox theme. This is evidenced by the descriptions many authors give of New Institutional thought; specifically that it is a subset or extension of orthodox or neoclassical economics (Backhouse, 1985, 377; Drobak and Nye, 1997, xv; Furubotn, 2001, 133; Lawson, 1997, 326; Nelson, 2003, 51; Palermo, 1999, 280; Rutherford, 1994, 3). The secondary literature lists a variety of similarities between orthodox economics and New Institutionalism, beginning

with the observation that New Institutionalism developed unmistakably within the neoclassical framework and that the vast majority of work produced by the New Institutionalists may be categorized as neoclassical (Palermo, 1999, 277, 280) or “highly orthodox” (Backhouse, 1985, 377). These descriptions would also seem to imply the idea suggested by Dugger (1990, 429) that although broadening economic analysis to an extent, New Institutionalism, “does not go far enough.” Of course, this would seem to imply that New Institutionalism does go some distance in distinguishing itself from orthodoxy. It remains to be seen, however, how far is far enough to be considered heterodox.

The general sentiment of these authors seems to propose that New Institutionalist thought represents dissent from orthodox economics in a variety of minor ways. For instance, by examining different problems and issues, attempting to address these in ways different from the mainstream, and by challenging orthodox beliefs and theories, the New Institutionalists do present an economics that is different from and pushes beyond the boundaries of the orthodox standard. Indeed, New Institutionalism would appear to offer a concerted effort to tackle and resolve some of the major criticisms of orthodoxy, as with the integration of institutional analysis. The glaring caveat to this, as these authors point out, is that New Institutionalism does not attempt to address these issues outside of the mainstream methodology (Drobak and Nye, 1997, xviii, Palermo, 1999, 279), logic (Palermo, 1999, 279; Vanderberg, 2002, 217), or assumptions (Prychitko, 1998, 158). Additionally, the very problem to be addressed – the allocation of scarce resources – is the same for both groups

(Palermo, 1999, 279). Furthermore, the assumptions, described as “pre-Veblenian” (Prychitko, 1998, 156) suggest that there is little deviation from the assumptions against which the Old Institutionalists rebelled and through their application would appear to retain the integrity of the neoclassical behavioral model. It remains unaddressed whether the summation of these variations that are perceived by the respective authors as minor together provide the critical mass necessary to sufficiently distinguish New Institutionalism from orthodoxy or whether these minor variations in fact as minor as they would seem to be presented in the literature. The one bright line division between heterodox and orthodox economics would seem to be the use of formalism. While it is arguable that the New Institutionalists may use formalistic techniques in a manner that is deemed more responsible, i.e., less abusive than orthodox economics, it is clear that its use at all is not inconsistent with mainstream methodology.

According to these authors, New Institutional economics is a fork diverging from the mainstream. In fact, the following quotes leave little doubt that in the minds of some economists, the nature of New Institutionalism is not questionable – it is undoubtedly orthodox, or less rigidly stated, not heterodox.

- “... (T)he contemporary mainstream, including its ‘New Institutionalist’ variant...” (Lawson, 1997, 251).
- “...It should not be overlooked that the New Institutionalism has this prominent neoclassical wing, reflecting the enduring hegemony of Walrasian and Marshallian ideas in economic theory” (Prychitko, 1998, 158).
- “Methodologically, New Institutional economics does not break in any sense with neoclassical orthodoxy, but is an enlargement of pure neoclassical economics” (Palermo, 1999, 279).

- “The so-called ‘New Institutionalism’, arising in recent decades...is largely a variant of reductionist neoclassical theorising...” (Nelson, 2003, 51).
- “It (NIE) does not represent a separate and heterodox branch of economics...” (Drobak and Nye, 1997, xv).

Additionally, as Backhouse points out, the New Institutional group does not self-identify as heterodox (Backhouse, 2000, 149). Those who claim that the NIE does not offer a research program distinct in any significant way from the mainstream would thus seem to present such arguments in rather clear, unambiguous terms.

Perhaps a Strait?

If the above observations stood alone, it would appear that there should be little doubt that the New Institutional group is not heterodox; however, they do not. The secondary literature, while producing significantly fewer and seemingly less emphatic suggestions that the New Institutionalists are not explicitly orthodox, does make a case to the contrary with respect to some branches of New Institutionalism by citing examples of work that is could be considered outside the realm of orthodox economics. As such, pushing the boundaries of the mainstream through revisions or divergence would seem to indicate at least a broadening of the discipline (Foldvary, 1996, xiii), perhaps even suggesting a “strait” connecting the mainstream and the heterodoxy.

Indeed, it would seem that while suggestions that the NIE are not orthodox might persist, most only go so far as to state that the New Institutionalists hover in limbo between the orthodoxy and the heterodoxy, without making firm assertions that the nature of the NIE might be described as heterodox.

Pressman (1999, 176), for instance, suggests that the work of North, “straddles both traditional economics and traditional institutional economics. Yet, it occupies an uneasy place relative to both.” He continues by providing examples of North’s work and methodology that are contrary to each side of the divide: the orthodox are not comfortable with North’s inclusion of institutional context into economic analysis, while the use of rigorous formalism turns off most Original Institutionalists (Pressman, 1999, 176). Foster uses Williamson’s work on transaction costs as an example of a “significant advance beyond conventional neoclassical economics,” although he does not go so far as to say the New Institutionalists or Williamson represent significant departures from conventional economics writ large (in Mair and Miller, 1991, 225-6). What these authors would seem to have in common is the acknowledgement that even if the New Institutionalists should not be considered heterodox, their extensions past the usual boundaries of orthodox thought should not be ignored or categorically dismissed by non-orthodox economists as the same old stuff.

Clarity Remains Elusive

While there would not appear convincing or emphatic arguments that the New Institutionalist tradition should in fact be considered heterodox, there would appear firm assertions that the NIE does not present the conventional orthodox analysis. Without a clear idea of the content of the NIE research program, however, descriptions regarding the nature of the NIE would appear debatable. What ultimately must be determined is whether the NIE’s extension beyond the

conscripted borders of mainstream economics presents economic imperialism or genuine dissent from the status quo of orthodox economic analysis.

The association of New Institutional economics with other not-really-orthodox-but not-very-heterodox groups perhaps also contributes to the lack of clarity regarding its place within economics. New Institutionalists have not only been associated with, but as previously stated, have been suggested to consist of branches producing New Institutional work within other not easily categorized traditions, such as the Austrians, contractarians, and Public Choice economists. Conversely, the similarities between neoclassical orthodoxy and the New Institutional group may explain why some authors refer to the NIE as “neoclassical institutional” (Prychitko, 1998, 158; Vanderberg, 2002, 218).

While there would appear to be more evidence to support the classification of the New Institutional group as a variation on the orthodox theme than not, it is not altogether clear that they should be dismissed out of hand as categorically “not heterodox.” Until the very nature of heterodox economics is determined decisively, the jury should still be out as to what any group, including the New Institutionalists could or should be called. If there is any lesson to be gleaned from the less than resolved nature of the New Institutional group, it is that the area of methodology would seem to be of particular importance or at least as important as the issue of theory in the determination of the heterodox or orthodox status of a group of thought.

CHAPTER 7: POST KEYNESIAN ECONOMICS IN THE SECONDARY LITERATURE

“We are all Keynesians now.” – Milton Friedman
(in Samuelson, 1970, 193)

Keynes' Descendants

The Keynes family tree is rife with contention and squabbling siblings. The rightful heirs to the Keynesian throne have yet to be decided and it would appear doubtful that they ever will be. Not only is it difficult to discern between the various groups who don the surname Keynesian, but there is also the added confusion of the similarly named siblings, Neo Keynesian and New Keynesian (one of which is purported to be a “bastard”). Additionally, the Keynes family tree also includes the Keynesian stepchild, Neo-Ricardianism, which is often confused or conflated with its stepsibling and black sheep (some would say heterodox) member of the family, Post Keynesianism (Lichtenstein, 1983, 89). There is even mention in the secondary literature of an Orthodox Keynesian branch. No doubt, John Maynard Keynes has served as an inspiration to many subsequent generations of economists, most of whom have thought their interpretation or re-contextualization of Keynes' work would prove correct and true to their progenitor's original intent. As a result, there has been a splintering into various and sundry Keynesian sects, the descriptions of which would appear muddy, overlapping, and at times, contradictory.

After Keynes' postulation that aggregate demand stimulated by wartime government spending could lift a nation from severe recession appeared to be

proven correct, serious interest in Keynesian economics began to emerge in various incarnations. The assorted offspring of Keynesian thought that were thus spawned began to mature and develop into groups of thought in their own right. It is the Post Keynesians, however, who have created a mission out of dispelling any perceived compatibility of the original Keynesian framework with that of the orthodoxy (Eichner and Kregel, 1975, 1293). Referencing all of the Keynesian heirs, Amariglio, Resnick, and Wolff point out that, “except for the Post Keynesian group, Keynes’ ‘revolution’ has been treated more as a modification of neoclassical theory...than a new way of doing economics” (Messer-Davidow, et al, 1993, 155).

Post Keynesians and the Neoclassical Synthesis

One descendent group in particular was born from a marriage between neoclassicism and Keynesian thought. This “neoclassical synthesis” proved to be a sore spot for some economists working in other branches of Keynesianism, and became a source of derisive comments and name-calling. Joan Robinson, for instance, called this brand of Keynesianism “bastard,” while Coddington called it “hydraulic” (Beaud and Dostaler, 1995, 100). Eventually, a heated debate emerged between the Cambridge, Massachusetts economists, who were strong believers in this ‘neoclassical synthesis,’ and the Cambridge, England economists, who represented the more radical of the Keynesian offspring (Heilbroner and Milberg, 1995, 98). The debate centered on the theory of capital and was later termed the “Capital Controversies” (alternatively, the “Cambridge Controversies”). The economists to the east of the Atlantic were called Post

Keynesians and the proponents of the neoclassical synthesis, the Neo Keynesians (Gordon, 1990, 1115-6).

Despite the name, the Capital Controversies involved much more than an argument over the nature of capital. The Post Keynesians contended that the neoclassical conceptualization of capital was erroneous – that capital was not in reality homogeneous. Given the heterogeneity of capital, certain production techniques were more profitable for a firm to employ at a given time than others. This meant that firms could switch between (or “reswitch”) production techniques when the rate of profit or of interest with respect to a given factor of production no longer equaled the ratio of factor inputs (Moseley, 1995, ix; Pearce, 1992, 375). This claim served to challenge neoclassical economics, and hence, the neoclassical-Keynesian synthesis on several of its foundational assumptions beyond that of the nature of capital. Heterogeneous capital and “reswitching” of production methods, which the Post Keynesians proposed presented a more realistic interpretation of production, undermined the neoclassical assumptions of the decreasing marginal rate of substitution and the negative relationship between the demand for capital and the interest rate (Moseley, 1995, ix). As such, the gauntlet thrown by the Post Keynesians challenged not only standard neoclassical theory, such as marginal productivity theory but neoclassical growth theory as well (Pearce, 1992, 51). The debate eventually reached an impasse whereby the Post Keynesians claimed victory and the Neo Keynesians conceded the point. Nothing was ever truly resolved, however, as the Neo Keynesians felt there was still validity in their assumptions of capital and production (Pearce,

1992, 51). Regardless, the debate demonstrated the divergence between these two descendents of Keynes both of which appear ultimately to have agreed to disagree.

Oddly, the Neo Keynesian group would appear to be the least clear within the literature in terms of whom its major constituents consist and how different this group is from the Post Keynesians. Shaw (1988, 20-1) and Crotty (1980, 20-23), writing separately, refer to the Neo Keynesians as the British Cambridge group who counts among its main contributors the economists Robinson, Kaldor, and Pasinetti. These British Cambridge economists, however, are the ones more often associated with the Post Keynesians. This inconsistency is made all the more clear by the comparison of a quote by Sidney Weintraub (1977, 293) who states that the “Neo Keynesians have bastardized and bowdlerized Keynes’ model” when it is juxtaposed against the statement by Shaw that Weintraub is part of a group of American economists whose views are very similar to those of the Neo Keynesians. Furthermore, it is suggested by Colander (1992, 439-40) that Paul Davidson used the term Post Keynesian to differentiate the group’s work from that of the Neo Keynesians.

It hardly seems plausible, however, that Robinson, the economist credited with the phrase “bastard Keynesians” could be part of the Neo Keynesians. To be certain, for a brief period of time, all economists of the post World War II era were called post-Keynesians: “...American economists have stopped being ‘Keynesian economists’ or ‘anti-Keynesian economists.’ Modern economists are ‘post-Keynesians’...” (Samuelson, 1970, 194). This would seem to explain why

some non Post Keynesians might be inadvertently called “post-Keynesian,” but not why true Post Keynesians could be called Neo especially since it would appear that the Neo Keynesians could reasonably be considered part of the orthodox tradition. What must be explored is whether the confusion the result of an inconsistent application of terminology, or if there could be some other reason for the conflation of the Post and Neo Keynesian group. Furthermore, what does this somewhat dubious association imply insofar as determining the nature – heterodox or orthodox – of the Post Keynesian group?

Post Keynesians and New Keynesians

There would appear less confusion between the Post Keynesians and the New Keynesians, but substantial inconsistency between the terms Neo Keynesian and New Keynesian (Colander, 1992, 438). Once sorted out, the differences between the New and the Post Keynesians becomes clearer and with it, the differences between the mainstream and the Post Keynesians.

According to Colander (1992, 441), in merging the paradigms of neoclassical and Keynesian thought, the Neo Keynesians developed an approach to economics that centered on the IS-LM, with a more elastic LM curve and the addition of assumptions of nominal wage and price rigidity. The New Keynesians, by contrast, emerged as a response to the New Classical revolution, which focused on resolving all economic inquiry within a general equilibrium framework using rational expectations (Colander, 1992, 440). The New Keynesians contested this conceptualization of the economy by introducing the possibility of multiple equilibria and non-Pareto optimal equilibrium through the

application of coordination failures, macroexternalities, and thus the possibility of X-inefficiencies at the macro level (Colander, 1992, 438, 443).

Regardless of the differences between the Neo and the New Keynesians and the content of the debate between the New Classical and New Keynesian groups, it would appear reasonable to state that all three represent various forms of orthodox economics. The non-contextual, non-institutional, and formalized analyses rooted in the Walrasian general equilibrium framework, while varying in degree would seem to form an integral part of the research program for each. As such, it would seem fair to hypothesize that the Post Keynesians, if not themselves heterodox, would appear the most heterodox, or perhaps non-mainstream of the Keynesian descendents.

Post Keynesians and Neo-Ricardians

Within the British Cambridge group there appears to be a schism: those specifically following the tradition of Keynes, as established by Robinson, Kaldor, and Kalecki, and those following the tradition of another contemporary of Keynes, Sraffa. Opinions vary widely as to whether the latter group, called the Neo Ricardians is a subset of the Post Keynesians, is synonymous with Post Keynesian, or if they represent an entirely separate group with a different relationship to mainstream economics. Beaud and Dostaler (1995, 147), for instance, state the two groups are “often opposed, and sometimes in fierce conflict.” Suggestions also appear which state that the Post Keynesian and Neo Ricardian traditions are irreconcilable (Walters and Young, 1997, 341) and therefore must be considered apart from one another (Davis, 2004, 381).

Backhouse (1985, 384), however, describes Neo Ricardian economics as a subset of Post Keynesianism, as an “aspect of Post Keynesian economics,” that specializes in the Ricardian-Marxian theory of value. Lichtenstein (1983, 89) equates the two groups in his statement, “The terms ‘neo-Ricardian’ and ‘post-Keynesian’ may...be thought of as equivalents” since modern Post Keynesian theories may be traced back to Ricardo’s theories of price and distribution. Lichtenstein (1983, 184) continues by clarifying that the Neo Ricardians are the disciples of Sraffa, who drew heavy inspiration from the work of Marx.

This close association or lack thereof between the Post Keynesians and Neo Ricardians would not seem important except for the somewhat tepid association of Neo Ricardian economics with orthodox economics. Hahn states, “there is no correct Neo Ricardian proposition which is not contained in a set of propositions which can be generated by orthodoxy” (in Backhouse, 1985, 385). The use of deductive logic on the part of Neo Ricardianism, as well, would seem to weigh heavy on the side of the mainstream. This is not an insignificant indicator of orthodoxy for as Pratten (1996, 440) states, “Neo Ricardian economics faces a clear dilemma. It can either retain its commitment to deductivism and continue to run parallel to, if not actually constitute a sub strand of, orthodoxy, or abandon this commitment and in the process lose what are perhaps its most distinctive characteristics.” Despite these points, there would appear to be differences from and criticisms of orthodox economics outlined by Sraffa himself as well as his followers, such as with the theory of value (Pressman, 1999, 111-2), uncertainty (Fusfeld, 2000, 175), and the rejection of a

general theory (Backhouse, 1985, 385) that would appear to place Neo Ricardian economics at odds with the mainstream. The nature of Neo Ricardian economics and its relationship to Post Keynesian economics – separate group, subset, or disciplinary adversaries – is therefore uncertain, which in turn casts doubt as to the nature of Post Keynesian economics itself.

Attributes of Post Keynesian Economics

The roots of the Post Keynesian tradition are not only traceable back to John M. Keynes, but reach even further into past economic thought to the work of the classical economists, including Marx (Arestis, 1996, 112) as evidenced through Smith's work on growth and distribution, Malthus' gluts, Ricardo's surplus value, and Marx's theory of capital accumulation and crisis (Mair and Miller, 1991, 177-8). Other influences, besides that of Keynes, are suggested to have had a hand in the shaping of Post Keynesian thought as well, such as Marshall's principle of uncertainty along with Veblen's evolutionary perspective and incorporation of power into the discussion (Arestis, 1996, 112-4). Many economists are credited with the founding of or laying the groundwork for the Post Keynesian group. Among them are Joan Robinson (Pressman, 1999, 128; Arestis, 1996, 112-4; Lavoie, 1992, 1-2), Kalecki (Beaud and Dostaler, 1995, 97-8; Mair and Miller, 1991, 178; Arestis, 1996, 112-4), Kaldor (Pressman, 1999, 153; Beaud and Dostaler, 1995, 97-8; Lavoie, 1992, 1-2), Harrod (Beaud and Dostaler, 1995, 97-8), Kahn (Lavoie, 1992, 1-2), and to some extent, Sraffa (Lavoie, 1992, 1-2; Mair and Miller, 1991, 178). When a group counts so many

influences and founders within its history, it is little wonder that its development is varied and heterogeneous, or as some would call it, incoherent.

On the Coherence of the Post Keynesian Group

Authors seem to fall into one of three categories when describing the Post Keynesian group, suggesting that Post Keynesians either: lack coherence; are coherent, yet eclectic; or are greater than the sum of their critiques of mainstream economics. With so many economists besides Keynes himself credited as influential in Post Keynesian thought and with limited degrees of separation from its Keynesian siblings, it would indeed appear that many shades and varieties of Post Keynesianism coexist – but whether they contradict one another, or simply cover different economic territory remains to be seen.

Various descriptors appear in the secondary literature to describe the lack of coherence within Post Keynesian thought and critics point to assorted parts of the group's research program as evidence. For instance, Heilbroner and Milberg (1995, 98-9) state there is "little agreement on what constitutes Post Keynesianism," because of a divide within the group into three research branches: money and uncertainty, relations of production, and Kaleckian Post Keynesianism. Walters and Young (1997, 323-3; 347) state that the lack of coherence in Post Keynesianism stems from a failure to base their study of economics on a generally recognized foundation with similar methodological approaches, which resulted in rival factions within the Post Keynesian group. In the end these authors claim that, this "loose group of economists" (Pearce, 1992, 338) do not put forth an easily identifiable program of study and do not present a

coherent body of thought (Pearce, 1992, 338; Holt, 2003, 2-3; Prychitko, 1998, 9; Walters and Young, 1997, 329).

The only concession that some authors who believe the Post Keynesian paradigm lacks internal consistency appear willing to make is that Post Keynesians do seem united in their dissatisfaction with orthodox economics (Crotty, 1980, 20; Holt, 2003, 3; Prychitko, 1998, 115-6; Walters and Young, 1997, 329). Other authors, however, take issue with this evaluation. Lavoie (1992, 423), for instance, argues that the Post Keynesians as a group, although still critical of the orthodox paradigm, have essentially moved on to creating the kind of economics they envision. Indeed, it would seem inevitable that a group with so many points of contention with the mainstream would, at least initially, focus on what is wrong with that approach in an effort to understand their own academic compass and before improving upon or developing an alternative. This is in fact what Eichner and Kregel claimed was happening in Post Keynesian economics nearly thirty years ago (Walters and Young, 1997, 329); that while criticism of the orthodoxy at first united this group of economists, a shared vision of what economics as a discipline should entail has since emerged (Arestis, 1996, 111-2, 130; Mair and Miller, 1991, 176). Perhaps it is possible to reconcile the diversity within Post Keynesianism with their opposition to the mainstream, as Lavoie (1992, 423) states, "In the end, the eclectic nature of post-Keynesianism should prevail over the intolerance of neoclassical economics."

For all of the discrepancies on whether or what may unite the Post Keynesians, the secondary literature would seem to indicate consensus on the eclecticism of this group. Indeed, it might appear that such diversity belies a fundamental consistency in Post Keynesian thought, buried beneath layers of multiple research streams (Beaud and Dostaler, 1995, 100; Skousen, 1992, 126). Authors point to many places where this coherence resides within the Post Keynesian program: "Post Keynesian coherence lies in its adopting a non-deductivist perspective along the lines of critical realism" (Pratten, 1996, 425). Dempster (1999, 77) claims Post Keynesians are united in their belief in imperfection information, while Backhouse (2003, 7) states that despite the heterogeneity of the Post Keynesian program, they represent an effort to rid present day incarnations of Keynesian thought from the perceived impurities of mainstream economics. Pratten (1996, 424) suggests a range of unifying concepts, such as that of critical realism; recognition of institutional context; rejection of the abstract, homogeneous individual; and acceptance of methodological debate. It would seem that no one denies the eclectic nature of the Post Keynesian program, but whether or not it obfuscates an internal consistency, and where that consistency reveals itself, remains the subject of debate.

It would appear fair to state that the Post Keynesians represent a fairly diverse range of ideas and theories. What is less than clear is whether such diversity is indicative of a group working towards the same goals, or whether the Post Keynesians are simply an amorphous group of economists working without

consideration for the work of other Post Keynesians. A closer examination of the scope, method, theory, and ideology of the Post Keynesians is therefore required in an effort not only to ascertain whether a describable body of thought exists, but also whether that body of thought is heterodox, or if the affiliations of the Post Keynesian group would classify, at least part of their constituency as orthodox.

Scope

The scope of Post Keynesian economics would appear to be straightforward, the three strongest facets of which are the inclusion of uncertainty, institutions, and power into the study of economics. Uncertainty and its influence on decision-making and economic outcomes appear to be recurring theme in the work of Post Keynesians (Arestis, 1996, 128; Crotty, 1980, 21; Holt, 2003, 3-9; Prychitko, 1998, 115-6; Walters and Young, 1997, 340). The institutions, whether social, political, or cultural become an important part of economic analysis in the shaping of individual behavior (Arestis, 1996, 112; Holt, 2003, 4), but they are also important in the influencing of the mechanics of the economy: output, unemployment, and inflation (Holt, 2003, 11; Prychitko, 1998, 115-6). In their inclusion of institutions into economic analysis, Post Keynesians also invite a discussion of power, whereby large corporations for instance, have the power to set prices (Arestis, 1996, 118-9) and along with unions, have the power to set wages (Skousen, 1992, 125) as well as influence investment (Arestis, 1996, 118). The Post Keynesians would seem to be very similar to the Original Institutionalists in this widening of the scope of economics to include institutions and power. Perhaps the difference lies in focus rather than scope as

Post Keynesians enjoy working on macro issues such as with matters in the monetary realm (Walters and Young, 1997, 340) along with issues of production thereby related, such as with investment (Arestis, 1996, 118; Crotty, 1980, 21-2; Holt, 2003, 11).

By widening the scope of economics from its conventional form, the Post Keynesians also include other factors, such as the role of class (Arestis, 1996, 112; Lichtenstein, 1983, 19-20) with particular attention paid to the construction and function of class within the capitalist system (Arestis and Skouras, 1985, 134). Historical time also plays a key role in broadening the scope of economics for Post Keynesians. Post Keynesians, it would then seem, strive to make their study of economics more reflective of reality which explains to a large degree their efforts to expand the scope of economics beyond the conventional norms (Holt, 2003, 4-5).

Method

The method of the Post Keynesian group would not seem as easy to describe as their scope. In fact, several authors make a point of stating that the Post Keynesian approach to the study of economics is difficult to ascertain because it encompasses such a wide range of methodologies (Davis, et al, 1998, 378; Foldvary, 1996, 63-4; Holt, 2003, 2). Part of the reason for such an eclecticism of methodologies may stem from their multi-/interdisciplinary approach (Davis, et al, 1998, 380-1; Lichtenstein, 1983, 19-20; Mair and Miller, 1991, 183-6), which would include historical (Davis, et al, 1998, 378; Arestis, 1996, 117) and institutional analysis (Davis, et al, 1998, 378) as well. Along

these same lines, Post Keynesians are also suggested to include a holistic methodology (Prychitko, 1998, 8; Walters and Young, 1997, 334-5), one that employs open system analysis. Another related hallmark of Post Keynesian methodology would appear to be that of critical realism, which operates on the premise that the economy is a dynamic system, not static or unchanging (Mair and Miller, 1991, 183-6; Davis, 2004, 380; Arestis, 1996, 115). As such, while econometrics is used, its application is limited to the description of trends, or “tendencies” in the economy and not for predictive purposes (Davis, et al, 1998, 378; Dempster, 1999, 77). With such a broad interpretation of the methodologies of the Post Keynesian group, it is not surprising that a facile description does not easily rise to the surface.

With such diversity in methodology and a clear intent on pluralism of approach, it would seem inevitable that clarity would be elusive. In fact, it would seem consistent with the pluralist motif that description might not even be desirable were it in fact possible, yet it would also seem that this would leave a group of thought vulnerable to conflicting methodologies. Indeed, this is the case Walters and Young argue when outlining the disparate and conflicting methodologies they associate with Post Keynesian thought which include: “the realism of Lawson...the Babylonian method of Dow (2002, 334-5) and others and...the generalising methodology associated with Davidson.” As well, Dow mentions that some Post Keynesians even embrace the use of formal models (Davis, et al, 1998, 378), a methodological tool often associated with orthodox thought. Whereas some may find fault with a variety of methodological

approaches, others find virtue. The clarification of heterodoxy is then faced with a new dimension: if pluralism is a component of a heterodox research program, then those groups who use orthodox methodology could be described as heterodox as long as it is not used to the exclusion of other methodologies. If the Babylonian practice of 'anything goes methodology' is in fact open to anything (Walters and Young, 1997, 334-5; Holt, 2003, 2) including orthodox methodologies, then the heterodoxy of the Post Keynesians remains an open question, and would turn upon whether heterodoxy implies pure pluralism and as such is not able to eschew any methodology at all.

Theory

Post Keynesian economics presents a range of theories, yet all would appear to link to and reinforce one another, not only theoretically, but through reciprocal causality as well. Distribution theory is tied directly to theories of growth and investment, which are tied to production theory (as influenced also by demand), which in turn impacts monetary theory as well as price and wage theories (Arestis, 1996, 121). Despite the references in the secondary literature that point out the different variations of certain theories, it would appear that the influences are eventually traced back to some combination of the same set of individuals: Keynes, Kaldor, Kalecki, and Sraffa. It would thus appear that the Post Keynesians not only have a well-developed set of theories, but a coherent and consistent theoretical framework on the whole, with differences perhaps in focus but not in theoretical core.

Post Keynesian price theory is most commonly referred to as mark-up pricing and is based on the belief that market forces do not move so as to render an equilibrium price (Walters and Young, 1997, 340-1). Instead, prices are marked-up from the base productive cost of the good (and above marginal cost) to a level determined by the relative market power of the producer (Beaud and Dostaler, 1995, 100-1; Mair and Miller, 1991, 195-6; Skousen, 1992, 125; Arestis, 1996, 123) in conjunction with that producer's desired level of profit (Skousen, 1992, 125). The desired level of profit is determined by the desired rate of investment by the producer/capitalist (Skousen, 1992, 125; Arestis, 1996, 123), which is established upon expectations for future demand (Mair and Miller, 1991, 191). It is through this process of marking up prices to attain a given level of investment that the distribution of income is determined as wages move in tandem with prices (Skousen, 1992, 125).

According to Post Keynesian theory, the distribution of national income depends upon the rate at which the economy grows (Prychitko, 1998, 8), in other words that the foundation of microeconomics is macro. The growth of the economy is directly controlled by how much capital decides to save versus invest (Lichtenstein, 1983, 21-2; Beaud and Dostaler, 1995, 98). In this way, the Post Keynesian theory of distribution differs from the orthodox conceptualization, which supposes that income distribution is instead predicated upon the laws of production (Skousen, 1992, 125). The source of influence and the linchpin between distribution and growth theories thus rests upon the decision to save or invest on the part of the capitalist (Weintraub, 1977, 388; Mair and Miller, 1991,

194-5; Lichtenstein, 1983, 22-3), which is what then influences the amount of mark-up producers choose.

Wages and prices, or more precisely, inflation, are also presumed to be determined through the struggle over national income; hence, one example of the circular causation of Post Keynesian theory surfaces. Mark-up pricing, and the wages that move with it, through the investment rate, determine the distribution of income. The struggle between capital and labor over their respective shares of national income creates (cost-push) inflationary pressures (Skousen, 1992, 125) – the circle of cumulative causation becomes clear. Thus, in Post Keynesian theory, prices, investment, and class conflict appear to be indelibly linked.

Production depends on the level of investment and expected future demand, as well as the existing level of technology and capital stock (Mair and Miller, 1991, 191). Digging deeper into the Post Keynesian theory of production, influences of the Leontif input-output model of production are found, which stipulates that inputs are used in a non-substitutable fashion (Arestis, 1996, 121; Skousen, 1992, 124). This would seem to reinforce the idea of capital and labor struggling over their respective shares of national income since if substitutability were an option for the capitalist, he/she would substitute towards a greater ratio of capital to labor since capital is what he/she directly controls. As well, the non-substitutability theme echoes the claims by the Cambridge England economists of the Capital Controversies of heterogeneous capital.

Production serves as a link between Post Keynesian price/wage and monetary theories since it is from this side of the economy that inflationary pressures originate. The defining characteristic of Post Keynesian monetary theory rests upon their supposition that money is endogenously determined, not exogenously given by the monetary authority (Mair and Miller, 1991, 199; Moggridge, 1995, 337; Skousen, 1992, 125). At first, this would seem to correspond with the Monetarist anti-discretionary monetary policy position; however, closer inspection reveals opposite avenues of causation for their respective supporting rationales. Instead of monetary increases creating upward inflationary pressure as the Monetarists contend, the Post Keynesians propose that cost-push inflation stimulates demand for credit which causes banks to deplete their excess reserves, thereby injecting money into the economy (Arestis, 1996, 119; Skousen, 1992, 125). Cost-push inflation and the direction of causation thus create the Post Keynesian endogenous monetary theory of production.

While demand is not solely responsible for the inflationary tendencies of the economy, it otherwise plays a key role in Post Keynesian theory, specifically through the “principle of effective demand.” Expected future demand directly influences investment decisions on the part of producers, and thus plays a role in the subsequent levels of production and rates of growth. As such, the Post Keynesians believe that it is the level of demand that drives output and employment; a point that stands diametrically opposed to Say’s law (Mair and Miller, 1991, 190-1). Moreover, the principle of effective demand postulates that

under conditions of unemployment, the marginal cost of changing output is zero wherein a downturn in the economy is the result of a lack of effective demand. This turns the orthodoxy's conception of the economic problem of scarce resources on its head, as the problem in economics instead becomes scarce demand (Arestis, 1996, 112). Demand is determined by the distribution of income, thus linking demand to the price – investment – income distribution causation cycle.

The Post Keynesian group would appear to present an internally consistent body of theory strengthened through the reinforcing links of its constituent parts. Arestis (1996, 114-5) summarizes Post Keynesian theory well as he states that Post Keynesian economics represents, “the study of how actual economic systems are able to expand their output over time by creating, producing, distributing and using the resulting social surplus. ...Economic processes are viewed as erratic, characterized by ‘circular and cumulative causation’.” It is this “erratic” movement of the economy in such a “circular” fashion that produces endogenous instability, which coupled with exogenous shocks, create an inherently unstable capitalist economy with pronounced business cycles that create the need for government intervention in the economy.

Ideology

Given Dow's observation that the Post Keynesian group does not accept the premise that it is possible to divorce values from the study of economics, it would seem natural that the Post Keynesians would not attempt to disguise their own ideological tendencies. The secondary literature supports this with a clear

view of Post Keynesian political beliefs; the two strongest of which would appear to concern issues of income distribution and economic instability.

Economic instability actually captures many of the issues with which the Post Keynesian group appears concerned, such as unemployment and cyclical swings in the economy (Mair and Miller, 1991, 187). The subtext of this concern is the belief that the capitalist economy is inherently unstable (Mair and Miller, 1991, 199-200; Arestis, 1996, 118) and thus requires active government intervention in order to soothe the economic instability that results (Arestis, 1996, 118). Specifically, the secondary literature states that the Post Keynesian recommendation for government intervention typically takes the form of increasing aggregate demand (Mair and Miller, 1991, 199-200; Arestis, 1996, 128), through some form of demand management (Dempster, 1999, 80) whereby the structure of aggregate demand is as important as its stimulation. Furthermore, since demand determines employment, variations in employment can be assuaged through government control of investment decisions (Skousen, 1992, 125-6). Government action of this sort is suggested to push the economy towards the level of full employment (Mair and Miller, 1991, 199-200).

Policy recommendations are also made by the Post Keynesians with respect to the distribution of income. It is believed by the Post Keynesians that the struggle between capital and labor over their respective shares of national income is a source of inflationary pressure. The issue of power in the determination of those shares influences the Post Keynesian ideology as well

(Mair and Miller, 1991, 199-200), further supporting their concern over income distribution issues.

Moreover, the issues of economic instability, i.e. issues related to price and unemployment, and income distribution would appear to be related in some fundamental sense. Indeed the authors Walters and Young (1997, 339) suggest, "...all that post-Keynesianism seems to be associated with in the policy arena is incomes policy. Other policies vary according to the Keynesian, Kaleckian or Kaldorian positions adopted by different authors." This would not appear to be a fair statement of the general Post Keynesian program as notable Post Keynesians, such as Minsky, have historically opposed incomes policy. Bellante as well speculates that the Post Keynesian ideology serves as a justification for "collectivist control of division of income..." as well as for government control over prices and wages (in Skousen, 1992, 126). Upon consideration of the nature of the issues and the means of resolving them, it would appear clear, despite the diversity of the group that the Post Keynesian ideology falls left of center, as evidenced through their attention and concern with distribution issues regardless of the diversity of positions of individual members with respect to incomes policies.

Post Keynesianism and Orthodoxy

The relationship of Post Keynesianism to the other offspring of Keynes makes it somewhat difficult to discern where the group stands with respect to the orthodox-heterodox divide. What is clear is that the Post Keynesians hold a significant amount of contempt for the neoclassical synthesis (Prychitko, 1998, 7-

8), its “bastardization” of Keynesian economics, and for neoclassical economics in general: “For many Post Keynesians, the discipline of economics...should not include neoclassical thought” (Messer-Davidow, et al, 1993, 159). Conflicts with other various facets of mainstream thought reveal themselves within the literature as well. What stands in need of clarification is what characteristics of the Post Keynesian program differentiate it from orthodox thought writ large.

Scope

It would appear that the Post Keynesians often take issue with what they conceive to be the confining boundaries of orthodox economics. With respect to the scope of economics, Post Keynesians offer a much more expansive consideration of the economic realm than orthodox economics. Elements that are part of the Post Keynesian program that the mainstream either neglects or assumes away include expectations, imperfect knowledge (Davis, et al, 1998, 379; Cohn, 2000, 13-4), and historical and institutional context (Beaud and Dostaler, 1995, 99). Post Keynesians also take issue with the orthodoxy’s preoccupation with the sphere of exchange, contending that the productive sphere is the origin of all exchange, and thus should be the subject of focus (Davis, et al, 1998, 381).

Moreover, certain elements of scope, such as that of uncertainty are presented and conceptualized in an essentially different manner than the uncertainty as conceived by other groups of thought. Post Keynesian conceptualization of uncertainty as “fundamental” must, however, be distinguished from “behavioral” uncertainty. Fundamental uncertainty refers to

the inability to predict future events with certainty and is therefore based upon uncertainty in time (Dunn, 2001, 568, 584; Eichner and Kregel, 1975, 1309). Behavioral uncertainty, by contrast, provides the basis for bounded rationality whereby economic agents make rational decisions with imperfect information (Dunn, 2001, 568). Behavioral uncertainty thus loosens the orthodox assumptions of the individual but nevertheless maintains the integrity of the orthodoxy's economic individual, his limited knowledge set, and the resultant behavior (Dunn, 2001, 584). The fundamental uncertainty of the Post Keynesians thus disrupts the timelessness of orthodox models and would seem to represent a much more significant departure from behavioral uncertainty which continues to work with the orthodox framework, albeit with relaxed assumptions. Post Keynesians would therefore appear to represent a significant departure from conventional economics with respect to frame of inquiry.

Method

Aside from issues of scope, Post Keynesians also seem to object to certain methodological tactics of the mainstream. In fact, it would seem that Post Keynesians are at times accused, as many potentially heterodox groups are with an obsession of rejection of mainstream methodology: "As with other schools of thought, the notion of what constitutes the methodology of Post Keynesian analysis...has often focused more on proscribing mainstream methodology rather than prescribing Post Keynesian methodology" (Davis, et al, 1998, 381). As has been found with other groups of economic thought that self-describe as heterodox, the Post Keynesians are often defined by what they are not. In the

case of methodology, Dow partially outlines the Post Keynesian approach in terms of how it is different from orthodox methodologies. The Post Keynesians do not believe in many of the dichotomized tenets of the mainstream, eschewing, for instance, the mutually exclusive logic whereby ideas may be categorized into one of two sets. As well, the Post Keynesians do not subscribe to the conventional dichotomization of economics into separate micro and macro realms, nor do they believe that the positive-normative categorization is valid, much less useful in describing economics (Mair and Miller, 1991, 183-6). Likewise, the Post Keynesian methodologies are often described as non-deductivist (Arestis, 1996, 115; Pratten, 1996, 423) and non-atomistic (Mair and Miller, 1991, 183-6). Arestis (1996, 117) as well states that "Economics is ... more like history than physics;" an obvious reference to the natural science model of the orthodoxy. Abstract mathematical formalism (Beaud and Dostaler, 1995, 99; Messer-Davidow, et al, 1993, 159), econometrics (Backhouse, 2000, 154), and the use of unrealistic assumptions (Messer-Davidow, et al, 1993, 159), such as that of methodological individualism (Prychitko, 1998, 8), all appear to be areas with which the Post Keynesians take issue. While these descriptions are useful in deciphering what heterodox methodology may not include, they are not helpful in articulating what methodologies may be considered heterodox.

Despite the Post Keynesian disdain for the orthodox application of econometrics, it should not be overlooked that the Post Keynesian group does seem to place primacy with empiricism. Empirical tests, which the Post Keynesians believe that orthodoxy has moved away from, serve in a substantial

way to validate or falsify theory, and in that fashion, Post Keynesians, “retain a postivism’s faith” (Messer-Davidow, et al, 1993, 159) in much the same manner as their non-orthodox brethren the OIE (see chapter five).

Theory

The tightly cohesive set of Post Keynesian theories would appear to represent the most striking contrast to orthodox economics and its equilibrium centered theoretical base (Pearce, 1992, 338). Price theory alone strikes at the very foundations of orthodox theory as Post Keynesian price is determined through the productive process and producer mark-up, rather than through subjective valuation on the consumer side of the economy and the mystical machinations of supply and demand (Lichtenstein, 1983, 21-2). The orthodox obsession with marginalism is rebuffed as well (Skousen, 1992, 119) as evidenced through the obliteration of marginal productivity theory through the Capital Controversies and the Post Keynesian explanation of the struggle over the distribution of national income.

The orthodoxy’s theory of well-behaved markets differs widely from that of the Post Keynesians’ theory where imperfect markets present the general rule rather than the exception. Striking contrast may also be drawn between the Post Keynesians’ monetized theory of production, which assumes money as endogenous to the system and the orthodoxy’s marginal theory of production, which assumes a fixed money supply that is exogenously determined (Mair and Miller, 1991, 199; Moggridge, 1995, 337; Skousen, 1992, 125). The Post Keynesians also flip the direction of causation with Say’s Law to which the

orthodoxy still adheres, and claim through their theory of effective demand that demand drives the economy and economic growth (Mair and Miller, 1991, 190-1).

Moreover, the Post Keynesian conceptualization of the economy and its characterization as endogenous what the orthodox renders exogenous naturally depicts capitalism as an inherently unstable system (Mair and Miller, 1991, 200-1). This stands in distinct contrast against the portrayal of a stable equilibrium in orthodox theory (Mair and Miller, 1991, 200-1; Crotty, 1980, 22). Additionally, the Post Keynesians, unlike the orthodoxy, perceive the economy as operating through time and therefore present a much more dynamic theory of growth (Eichner and Kregel, 1975, 1294). The equilibrium of the mainstream is analyzed through static analysis (Beaud and Dostaler, 1995, 99; Crotty, 1980, 22), which the Post Keynesians suggest belies the dynamic, evolutionary process of the economy (Davis, et al, 1998, 379).

Perhaps the reason for the striking contrasts between the theories of the orthodoxy and the Post Keynesians is that they are driven by different purposes. Orthodox theory would appear to serve as “the basis for an optimal decision rule,” as a tool for demonstration rather than explanation (Eichner and Kregel, 1975, 1309-10). The Post Keynesians, by contrast, appear willing to sacrifice elegance for empiricism within their theoretical models (Eichner and Kregel, 1975, 1310). When theories serve such disparate purposes, it would seem probable that the foundations and resulting policy recommendations of those theories would likewise be at odds.

Ideology

The Post Keynesians would appear to be a diverse group, some more left than others (Mair and Miller, 1991, 187). Nevertheless, the Post Keynesians as a whole would appear different from the orthodoxy in the reasons supporting their ideology and the remedies for the inadequacies of the market. The conceptualization of the division of income stands as one example. For the Post Keynesians, the division of income is the result of the struggle between labor and capital, the outcome of which is dependent upon the institutional context within which the struggle occurs. The orthodoxy's conception of how income is distributed is based completely on its theory of production, or more specifically, theory of marginal productivity. Because the Post Keynesians also believe that the distribution of income depends upon the rate of growth in the economy, which may be manipulated by the government, the distribution of income may likewise be manipulated through government action (Eichner and Kregel, 1975, 1296). While all Post Keynesians do not support this incomes policy, it does represent a departure from the mainstream, which perceives distribution as linked to the level of input productivity.

In the secondary literature, there appear many illustrations of contrast and conflict between Post Keynesian and orthodox thought. Which of these contributes to the distinction of Post Keynesian economics from orthodoxy? Moreover, what does this say, if anything, about the nature of heterodox economics?

Post Keynesians as Heterodox

The secondary literature does not specify what makes the Post Keynesian group heterodox, but instead goes to great lengths to compare the presumed heterodoxy of Post Keynesians to other seemingly heterodox groups, specifically the Austrians, Institutionalists (Original), and the Marxists: “Post Keynesianism is not really very different in structure from other contemporary, and reputedly rival, heterodox traditions...” (Prychitko, 1998, 141). If this is the case, however, then it should be clear what “structure” exemplifies heterodox economics unless the Post Keynesians are simply “a (loose) association of some non-mainstream opponents” (Walters and Young, 1997, 347).

The Austrians represent one of the most contentious traditions with respect to drawing the heterodox/orthodox divide; indeed the secondary literature lists many reasons on both sides of the argument. It would appear that the relationship between the Austrians and the Post Keynesians presents debate as well. Prychitko (1998, 8), for instance states that the Post Keynesians regard “(non-Lachmann-inspired) Austrian economics (as) a variant of neoclassicism,” but then continues later with examples of common ground. Walters and Young (1997, 334) state that although Post Keynesians and Austrians challenge the neoclassical framework, the Post Keynesian group has “sought to differentiate itself” from the Austrians. Dow, however, points out that despite the Post Keynesian contention with the Austrian subjective valuation and its criticism of the state, there do exist shared values, such as with the incorporation of uncertainty, albeit defined differently, and expectations in the economic

framework (Mair and Miller, 1991, 201). Given the exceedingly questionable nature of the Austrian group, it is no surprise that the relationship between them and the Post Keynesians would appear unclear as well.

The Original Institutionalists and the Post Keynesians would seem to share many common elements, such as the role of institutions and customs and the evolutionary nature of the economy. Dow, does, however continue by stating that the Original Institutionalists may be more confined by their case study approach and the contextualization of all economic activity than the Post Keynesians, who are more comfortable with broader generalizations (Mair and Miller, 1991, 201). This difference would appear to be minor and represent a distinction of degree, not substance. Indeed, it would appear that these two groups, along with Marxism are at times conflated, the line between them “blurred and unstable” (Beaud and Dostaler, 1995, 147).

The Post Keynesians and the Marxists represent an interesting study in comparison. Post Keynesians would appear to share the belief of the Marxists in the inherent instability of the capitalist system as well as the Marxian theories of crisis (Mair and Miller, 1991, 201). These two groups likewise cast the capitalist system in much the same manner, as a system rife with class conflict predicated on the social relationship imbued in the productive process (Lichtenstein, 1983, 18). The one suggested area of contrast appears in the reformist approach of the Post Keynesians (Mair and Miller, 1991, 201) as compared to the revolutionary approach of the Marxists, but even this would appear less than certain.

The questionable relationship between Post Keynesians and Neo Ricardians, and between the Neo Ricardian progenitor Sraffa and Marx would seem to complicate matters. Beaud and Dostaler (1995, 147) point out that all three of these groups, Post Keynesians, Neo Ricardians, and Marxists host internal debates as to whether Sraffa represents a continuation of Marxian theory or an abrogation of it. The Neo Ricardians are not mentioned with respect to any of the other potentially heterodox groups nor do there appear arguments either for or against their classification as heterodox, but if the Neo Ricardian tradition could be linked to both Post Keynesian and Marxist thought, its heterodox status might be made clear. Given the questions surrounding the relationship between the Neo Ricardians and the Post Keynesians, an indication of the nature of the Neo Ricardians could serve in not only clarifying their relationship, but also in articulating what makes Post Keynesian economics heterodox.

Standing alone, the Post Keynesians would seem to present a significant departure from the mainstream tradition in terms of scope, method, theory, and ideology. The Post Keynesians, however, do not stand alone. They are often jumbled together with the other descendents of Keynes, the lines of pedigree often crossing and subdividing. As such, the nature of the Post Keynesian group becomes somewhat more difficult to untangle. Perhaps with an articulation of the Post Keynesian program itself, if even by name only, the roots of its seemingly heterodox nature could reveal themselves and serve to articulate the current nature of heterodoxy as a whole.

CHAPTER 8: MARXIST/RADICAL ECONOMICS AND THE SECONDARY LITERATURE

“We turn to Marx, therefore, not because he is infallible, but because he is inescapable” (Heilbroner, 1980, 15).

“But it is utterly silly to spend any time on the semantic issue of whether something is or is not ‘Marxian,’ when there are hundreds of versions of Marxism – and hundreds of interpretations of Marx.” (Sherman, 1995, 7-8).

“You can interpret Marx in your way, and I will interpret him in *His*.”
(Laski as quoted in Bell, 196)

Types of Marxist Economics

From previous chapters it would appear that the less definable a group of thought, the more difficult it becomes to speculate, much less clarify their position with respect to the orthodox/heterodox divide. Thus, the task of classifying Marxist economics becomes all the more difficult as Marx, to an even greater degree than Keynes, spawned many variegated generations of intellectual thought. The list of offspring appears extensive and even “antagonistic” at times (Heilbroner and Milberg, 1995, 99). According to the secondary literature, the current Marxian program includes the following groups: Classical Marxism, Neo-Marxism, Post-Marxism, Fundamentalist (or Orthodox) Marxism, Official (Traditional) Marxism, Analytical Marxism, Nondeterminist (or Postmodern or Nonessentialist) Marxism, and Radicalism. In the history of Marxian thought, other groups have appeared and then subsequently been either absorbed by another group, such as with Marxist-Feminism (Foldvary, 1996, 135) or dissipated altogether, as with Soviet Union/Communist Marxism (Sherman, 1987,

4). Indeed as Sherman notes, there have been innumerable varieties of Marxism that in varying degrees have grabbed the attention of scholars:

Maoist Marxism, Trotskyist Marxism, Yugoslav Marxism; eurocommunism; the Marxian theories of Georg Lukacs, Rosa Luxemburg, and Antonio Gramsci; Freudian Marxism; existentialist Marxism; phenomenological Marxism; the Marxism of Herbert Marcuse and the Frankfurt school; New Left Marxism; Marxian structuralism; Althusserian Marxism... (Sherman, 1995, 8).

The true diversity of this collection of Marxists is not clear, as authors do not seem to concur on the degree of differentiation between the various groups. For instance, Amariglio, Resnick, and Wolff suggest that the Marxian groups present very different concepts and methods (in Messer-Davidow, et al, 1993, 154); while Heilbroner and Milberg (1995, 99) propose that all brands of Marxism present a fairly cohesive identity through time. Whether all, some, or none of these various strands of Marxian thought fit into heterodox economics must be explored as well as if some common thread exists between them that would identify them as distinctly heterodox.

Questionably Heterodox Marxist Groups

Marx has undoubtedly spawned a dedicated following, inspiring some of his disciples to focus exclusively on his work. Fundamentalist Marxists (also referred to as Orthodox Marxists) would seem to deify Marx in an almost religiously zealous manner, "think(ing) that Marx said correctly everything that could ever be said" (Sherman, 1987, 8). The resolute devotion of the Fundamentalist Marxists lends to sharp criticism of other economists who attempt to build on a Marxian foundation without maintaining strict adherence to

the original Marxist doctrine. Even groups who might be considered heterodox often inspire the contempt of Fundamentalist Marxists. The Neo-Ricardians, for instance, are considered inferior as the work of Sraffa is viewed as a bastardization of the work of Marx, which the Fundamentalists believe needs no modification or addendum. The Fundamentalist Marxists thus pursue a research agenda that attempts to remain purely Marxian (Lichtenstein, 1983, 185). Classical Marxists likewise appear to follow the writings of Marx to the exclusion of other economic scholars (Nielson, 2002, 736). The chaste devotion of these two groups and their narrow conception of what constitutes “real” economics would seem to be reminiscent of the mainstream’s notions of what constitutes economic science.

Official Marxism is described by Sherman (1987, 4-5) as similar to but not synonymous with Fundamentalist Marxism. Official Marxists also revere the writings of Marx and strive for purity of Marxian theory (Sherman, 1987, 7-8), but in contrast to the Fundamentalists and indeed many possibly heterodox groups, believe that any theory of change, including economic change is ruled *a priori* by the dialectic. Furthermore, the notion of the embedded economy is inverted through the idea of historical materialism which proposes that society, including all of its institutions and ideas are formed and shaped by the economy. This conceptualization lends easily to the idea that the government or state is the pawn of the capitalist class and thereby exalts class issues above other sources of conflict or inequality, such as gender or race (Sherman, 1987, 7-8). The assumption of the deterministic evolution of all economic systems down a

universal path, the narrow focus on the economic realm, and the preoccupation with one specific social malady would appear redolent of the orthodoxy.

Post-Marxian thought, referred to by Nielson (2002, 736) as “empty Marxism,” would seem to straddle the line between Marxist and non-Marxist economics by presenting criticisms of Marxism through orthodox terminology. This would essentially seem, however, to render their own paradigm as indistinct – to criticize the Marxist program of study, yet identify oneself as a Marxist (Sherman, 1995, 92). Caution should be employed in the use of the term Post-Marxist; however, as it is sometimes used in the literature (see Clark) to describe all varieties of Marxism that developed after the renaissance of Marxist thought in the late 1960s (Clark, 1998, 66-7). Post-Marxism as used in this research will henceforth refer to Marxist work as defined above by Nielson and Sherman.

The Post-Marxists would seem to perceive themselves as improving on the flawed Marxist framework by applying orthodox tools of analysis such as a *priorism* and methodological individualism to Marxist concepts (Wolff and Cullenberg, 1986, 131). Heterodox classification for the Post-Marxists would thus seem highly suspect despite carrying the surname of Marx as, “it displays rigor and a deft use of mathematical methods borrowed from neoclassical economics” (Wolff and Cullenberg, 1986, 132). Moreover, the Post-Marxists deny the possibility of a pluralism of approaches, seeking instead a universally applicable methodology and set of assumptions. Examples of groups that fall into this categorization include Analytical or Neoclassical Marxists (Nielson,

2002, 736), also referred to as Rational Choice Marxism (Roberts, 1) and the “new ‘post-Walrasian’ radicals” (Messer-Davidow, et al, 1993, 163).

The Analytical Marxists use mainstream techniques to support or critique original Marxian analysis with such tools as “positivism” (Messer-Davidow, et al, 1993, 163), game theory, inferential statistics, mathematical modeling and logic, optimization, methodological individualism, rationality, and (although few) general equilibrium modeling (Davis, et al, 1998, 12-3). The Analytical Marxists, however, would seem to present a divided program with some economists employing extreme individualism while others seek a balance between what they perceive to be overly reductionist individualism and extreme collectivism (Sherman, 1995, 101-2). The irony is that the Analytical Marxists seek to develop a common methodology, as one proponent is quoted as saying, “Analytical Marxists think all social science draws upon a common pool of methodology, and they deny existence of a separate Marxist method,” yet the Analytical Marxists do not agree on what specific methodology to employ (in Sherman, 1995, 267).

Furthermore, the Analytical Marxists would seem to apply historical materialism to their conception of the economy (Amariglio, et al, 1991, 5). This deterministic version of economic evolution is argued to be more covert than that of the Official Marxists as it proposes that the economy is the sole result of “purely” economic forces by assuming *a priori* the political and cultural contextualization of the economic agent (Amariglio, et al, 1991, 7). Any perceived variety in methodology would thus seem to belie the essential

characteristic of the Analytical Marxists: that diversity is acceptable insofar as it maintains the essential integrity of mainstream economics or does not “threaten the existence and unity of economics” (Messer-Davidow, et al, 1993, 158-9).

The Fundamentalist, Classical, Official, and Post-Marxists along with the Post-Marxian subset Analytical Marxians pose serious questions in the articulation of heterodox economics. While bearing the surname Marx and currently experiencing marginalization from the mainstream, all of these groups contain elements reminiscent of orthodox economics. If heterodoxy were determined by at least partial openness to the research of other economic programs of study, then it would seem that the Classical and Fundamentalist Marxists would not qualify. Likewise, the restrictive nature of the Classical and Fundamentalist Marxist groups echoes the narrow focus and conceptualization of what constitutes ‘economics’ by the mainstream. While the Official and Post-Marxian groups would not seem as closed-minded as the Fundamentalist and Classical Marxist groups, they nevertheless appear to display a different type of rigidity: adhering to conscribed theoretical constructs. The application of the disembedded economy via historical materialism by the Official Marxists and the implementation of orthodox methodologies via the application of *a priorism* and methodological individualism by the Post-Marxists both appear within orthodox economics. Moreover, the Official and Post Marxists’ strict adherence to theory that is not grounded in current empirical evidence also seems to resonate the theoretical framework of orthodox economics. Sociologically speaking, however, the Fundamentalist, Classical, Official, and Post-Marxists could all currently be

considered marginalized by the orthodoxy. Marginalization would not seem enough on its own to classify as heterodox economics. The questionability of the heterodoxy of any of these groups thus hinges on each group's attitude towards the proper domain of economic study and the degree of similarity to mainstream theory.

More Closely Heterodox Marxist Groups

Neo-Marxism, inspired in large degree by the work of Paul Baran and Paul Sweezy, would seem to relax the boundaries of Marxism more so than the aforementioned varieties. This easing of the stringent interpretation of Marxism allows for the broadening of the economics discussion. The concept of the surplus, for instance is refocused onto the output rather than income side of the economy as with the labor theory of value. This conceptualization of the surplus broadens the discussion of price formation to include theories of power and administered pricing (Stanfield, 1995, 176). Moreover, the Neo-Marxist analysis of the economy of the latter half of the twentieth century has focused on a mutation of capitalism – that of monopoly capitalism. The acceptance of this deviation in the evolution of the capitalist system would seem to indicate two important characteristics: one, empiricism matters to the Neo-Marxist group in terms of the construction of theory, and two, institutional context impacts the evolution of an economic system as much as the reverse. These two characteristics seem evident in the Neo-Marxists' inclusion of corporate power and the concept of waste in economic discourse (Stanfield, 1973, 91). This less doctrinaire approach to Marxian theory and to economics writ large would seem

to suggest that the Neo-Marxist group might be more open to the communication and exchange of ideas with heterodox groups (Nielson, 2002, 736-7). Given their less austere approach to economics, attention to empirical evidence in the development of theory, and recognition of the embedded economy, the Neo-Marxists would seem to embody the spirit of heterodoxy.

The rejection of any strict allegiance would seem to characterize the final Marxian group: Nonessentialist (anti-essentialist) or Nondeterminist Marxism. Nondeterminist Marxism as represented by the economics of Amariglio, et al, 1991, Resnick, and Wolff (Foldvary, 1996, 145), represents a movement away from the notion of a grand theory, away from the idea of *one* economics (Messer-Davidow, et al, 1993, 179) thereby presenting a postmodern interpretation of the economics discipline (Foldvary, 1996, xvii). Nondeterminist Marxism thereby advocates a pluralism of competing, not shared, paradigms within the economics discipline, while rejecting the hegemony of any single group (Messer-Davidow, et al, 1993, 179). Likewise, every paradigm employs a different “entry point” or “concepts which a theorist uses to enter into, to begin, discourse about some object of analysis” (Messer-Davidow, et al, 1993, 164). For the Nondeterminist Marxist, the entry point of the study of economics is that of class analysis (Epstein, 1988, 2).

Moreover, Nondeterminist Marxism is predicated upon the Freudian concept of overdetermination (also referred to as underdetermination, see Amariglio, et al, 1991, 12), which denies the existence of single or formal causation or determination of events (Messer-Davidow, et al, 1993, 178;

Sherman, 1995, 284). Instead, any occurrence within an economic system is the result of a multiplicity of forces, a “mutual construction of all social processes” (Epstein, 1988, 2), both institutional and behavioral – an idea that would seem analogous to the Original Institutionalists’ concept of cumulative causation (Foldvary, 1996, xvii). Overdetermination thereby stands diametrically opposed to determinism and essentialism – each of which presents a linear, predetermined progression of events and a stripping away of spurious correlations to reveal an essential and direct causation, respectively (Resnick and Wolff, 1987, 2-3). Likewise, the assumption of homogeneity is abandoned completely at the individual level, the level of the firm, and of capitalism itself (Foldvary, 1996, xvii). Reductivism is therefore sharply criticized in the overdetermined process as methodological individualism as well as *a priorism* are rebuked and rejected (Foldvary, 1996, 135-6). Overdetermination and its opposition to a number of the underlying, foundational precepts for orthodoxy culminate in a variety of names for Marxist groups that employ it: Nondeterminist, (Strictly) Antiessentialist, (Strictly) Antireductionist (Resnick and Wolff, 1987, 2-3), and Nonessentialist (Foldvary, 1996, 145). Other remarkably mainstream concepts are abandoned as well, such as that of marginal analysis and utilitarian determination of value (Foldvary, 1996, 135-6), which would seem to differentiate the Nondeterminist Marxist further from conventional economics.

The Neo-Marxist and Nondeterminist Marxist groups would seem more likely to be considered as part of the broader heterodox movement. Specifically, the concept of the embedded economy and the essence of the concept of

overdetermination (Amariglio, et al, 1991, 12), would appear to present a common theme among groups for which heterodox classification is more probable. An interesting point emerges when considering the Nondeterminist Marxists as heterodox: whether it is possible to include a group of thought that is distinctly heterodox yet distinctly postmodern as well and thereby eschews the idea of articulating a broad heterodox program that would essentially vie for a more recognized position within the discipline. The platform of the Nondeterminist Marxists thus presents a profoundly meaningful question to heterodox economics – whether the purpose of such a program is to dismantle and replace the orthodox movement, or if it is less revolutionary in nature, instead calling for a more pluralist economics discipline. The answer would seem imperative for the articulation and ultimately the mission of the heterodox program.

Marxism: A Divided Research Program

Which of these groups, if any, may be declared heterodox? The willingness of the Neo-Marxist group to deviate from traditional Marxist thought would seem to extend its Marxian analysis into deeper heterodox territory. Likewise, Nondeterminist Marxism would seem to share greater ground with conceivably heterodox groups, such as with the embedded economy of Original Institutional thought and the uncertainty found in Post Keynesian and Austrian analysis (Foldvary, 1996, 140; Messer-Davidow, et al, 1993, 179). Certainly the willingness to extend beyond original Marxian analysis and the incorporation of context into the economic discussion would seem to invite the heterodox

classification for all three of these groups. Furthermore, these groups would appear open to interchange with different heterodox groups – Marxist and non-Marxist alike. As such, the Neo-Marxists and Nondeterminist Marxists at least upon first inspection would seem to fit more neatly into the heterodox classification.

The *a priori* assumptions, rejection of the embedded economy, and focus on competition to the exclusion of the social realm (Sherman, 1987, 7-8) would seem to call into question the nature of the Official Marxists. Moreover, the Official Marxists appear to present the same rigid devotion as the Fundamentalist/Orthodox and Classical Marxists, given that all three groups strictly adhere to the original Marxist doctrine at the exclusion and expense of any other economic thought. It would appear ironic that such rigid adherence to a particular framework is the same critique often levied against the mainstream by self-proclaiming heterodox groups. Likewise, the similarity of the Post-Marxists, particularly the Analytical Marxists, to mainstream economic analysis would seem to present questions with respect to their classification as well. The Post-Marxists would appear to occupy the same uneasy space between orthodoxy and heterodoxy as the New Institutional group. The similarities between each of these variants of Marxism and orthodoxy give pause to their categorization and beg the question: how similar is too similar to be heterodox?

While the Marxist surname might invite early speculation of heterodoxy, it would appear that certain groups who display some orthodox tendencies would warrant a more careful consideration. Without a clear articulation of the

heterodox research program, however, classifying any of these groups presents a difficult task indeed, for instance, determining which of these groups is the Marxism that is referred to in the generic sense along with the role played by radical thought. These concerns clearly must be addressed before any kind of speculation with respect to the nature of Marxist thought writ large might be proposed.

“The” Marxist Research Program

Deconstructing and articulating “the” Marxist program becomes more difficult given the myriad manifestations of the Marxist tradition. In reviewing the secondary literature, it would seem that the word “Marxism” is used in the generic sense, where the particular brand of Marxism must be determined from the context in the literature. For instance, if an author cites Baran and Sweezy as a source then it would appear the author is working within the Neo-Marxist tradition. Other references, however, are not as clear. The lack of clarity with respect to the Marxist paradigm would thus seem to make the task of clarity with respect to heterodox economics a difficult task indeed.

The Bandwagon Years

Historical references to the Marxism of the twentieth century likewise permit a wide range of interpretation. Authors would seem to agree that Marxist thought experienced a revitalization during the late 1960s to early 1970s (Backhouse, 1985, 388; Beaud and Dostaler, 1995, 147; Mair and Miller, 1991, 233; Pearce, 1992, 272) and Junankar confirms that this renewed interest on the

part of economists was “due to partial integration of Marx’s economic thought into mainstream economic theory” (in Pearce, 1992, 272). It is not clear, however, whether authors are referring to a particular Marxist group or to the general Marxian paradigm that would include all groups who might be considered Marxist. Indeed, two very different brands of Marxism emerged and developed during this time period: Neo-Marxism, with the 1966 publication of Baran and Sweezy’s *Monopoly Capital* (Mair and Miller, 1991, 249-52); and the Analytical Marxists through the work of G. A. Cohen (Roberts, 1). The observation of the resurgence of Marxian influence could also more generically be referring to geopolitical events that invited the renaissance of Marxian ideas: the sustained stagflation of the 1970s (Beaud and Dostaler, 1995, 147), the popular backlash against the Vietnam War (Backhouse, 1985, 355), or even more generally, the global economic crisis of the times (Mair and Miller, 1991, 233). The distinction would appear to be critical as considerable attention paid to a historically marginalized program changes the nature of that program’s relationship to the mainstream and thus their heterodox status. With the fall of the formerly socialist countries of Eastern Europe during the 1980s, however, any currency Marxism might have carried substantially diminished (Beaud and Dostaler, 1995, 106; 147-8).

Although very difficult to precisely describe, the current Marxist research program would seem, generically speaking to be definable (Heilbroner, 1980, 20-1) despite its fragmentation into sometimes feuding sects. Certain areas, such as ideology, would appear more generalizable to most Marxian traditions as

opposed to method, for instance. Nevertheless, an attempt must be made to discern the core of the Marxian tradition and its opposition to mainstream economics, even in general terms in order to extract any characteristics that might be indicative of a heterodox program.

Scope

Marxist economics would appear to contain certain elements that are distinct and readily identifiable as “Marxian.” The inclusion of power and income inequalities (Pearce, 1992, 360) into the economics discussion for instance, while not an exclusive trait of Marxist economics, is remarkably Marxian in flavor. Likewise, the widening of the scope of economics to include a discussion of class would seem to be a general trait of Marxist analysis as well (Pearce, 1992, 272; Walters and Young, 1997, 333). The interconnection of economics with other institutions of an individual’s daily life – social, cultural, and political – also presents a widening of scope (Howard and King, 2001, 793; Pearce, 1992, 272), regardless of the direction of causation, as well as an acknowledgment of the social origins of economic activity (Pearce, 1992, 361). Marxist economics also would seem to place primacy on the role of historical contextualization in economic analysis (Amariglio, 1987, 96; Messer-Davidow, et al, 1993, 152; Walters and Young, 1997, 333).

Like many of the other potentially heterodox traditions, Marxism is often identified by what it opposes in mainstream analysis. Once again, while the type of Marxism is not specified, it would appear that the most often cited criticism from the Marxist program concerns the mainstream’s narrow frame of inquiry as

evidenced in their use of abstractions (Amariglio, 1987, 96), the excess use of 'givens', and the oversimplification of the "rational" (Messer-Davidow, et al, 1993, 152), "bourgeois" (Amariglio, 1987, 96) economic actor. In confining the scope of economics, the Marxist program accuses the mainstream of ignoring that which it seems to consider essential to the economics discipline.

Theory

When explaining the various theories of the Marxian program, the secondary literature does not attribute any one theory to any particular branch(es) of Marxism. It would appear instead to present theories that are generalizable to the broad Marxian program, perhaps because they may be traced directly back to their progenitor. For instance, the Marxian theories of alienation (Pearce, 1992, 360; Foldvary, 1996, 63-4) and of profit (Cohn, 2000, 14) would seem to be definitive theories of Marxism in general, the rejection of which would be a rejection of the core of Marx's thought. Likewise, the Marxian theory of the firm, where the prime characteristic of any capitalist firm is the insatiable drive to accumulate (Cohn, 2000, 20) would possibly vary by degree of importance to various Marxian programs, but not present contention.

The labor theory of value would seem to present the one major controversy for between modern Marxists. While many Marxists, regardless of the particular program would not necessarily deny that labor is one source of value, some may extend or expand beyond this theory of value. Indeed, this would seem to set some programs apart, as with the doctrinaire loyalty to the labor theory of value by the Orthodox Marxists (Foldvary, 1996, 160). Marxist

programs, such as that of the Neo-Marxists who are more open to communication with other heterodox programs, would seem more likely to entertain additional theories of value. For instance, mark-up pricing and some degree of market determination of price are not foreign or contentious theories of value for all Marxist programs (Lichtenstein, 1983, 21-2).

Of course, where there is suspected heterodoxy, there is criticism of the mainstream paradigm and as expected, mainstream theories to which Marxists in general hold some degree of objection. For instance, the theories of equilibrium (Messer-Davidow, et al, 1993, 153; Cohn, 2000, 13), rationality, and smooth mechanics of the market adjustment process would all seem to be inherently at odds with the Marxian dialectic (Messer-Davidow, et al, 1993, 153); the glaring exception of which would be the Post-Marxists (Davis, et al, 1998, 12-3). Given the rejection of those theories deemed at odds with the core Marxian theoretical framework and the addition of theories that are not contradictory, it would seem that generally speaking, the Marxian program, excluding the Post-Marxists, does represent a deviation from what would appear to be the core of mainstream economic theory.

Ideology

The obvious feature of any Marxist program should be the critical attention to which it pays the capitalist system. To what part of the capitalist system this attention and critique is directed would seem likely to vary, not only between different Marxian programs, but also among individual Marxist economists. While some are concerned with the dismantling of the capitalist system and its

replacement with a decentralized socialist system (Gruchy, 1987, 151), others focus on the impact of globalization and capitalist imperialism on developing countries (Pearce, 1992, 361). It would then seem that the ideology of the Marxist program could be very generally surmised as having deep criticism of capitalism, with variations consisting in degree and focus and a fundamental “belief that that application of Marx’s methods of analysis will...serve as a guide to the creation of a socialist future” (Heilbroner, 1980, 21). What is more important than the varying composition of the critiques of capitalism is that the criticisms represent an ideological position distinctly at odds with the mainstream’s ideological undercurrent.

If the judgment of heterodoxy were to be made on any single component - scope, theory, or ideology – it would seem that Marxist economics, very generally speaking might fit the pattern. The nagging question is whether or not these generalizations of Marxist economics are too broad to really make a statement or if they are even a fair representation of Marxists of all stripes. The Fundamentalist, Classical, and Official Marxists groups with their scholastic blinders to other traditions of thought seem close in that respect to the orthodoxy, but this would seem more indicative of the personality of the mainstream as opposed to real substantive differences in discipline. Therefore, even after consideration of the rigid adherence of these groups, it would still seem that all of the Marxists traditions broaden their respective analyses past the perceived strict parameters of mainstream economics. Furthermore, all of the Marxist groups,

with the exception of the Post-Marxists, would seem to present theories and ideological intents that conflict with those of the mainstream.

Method

The various brands of Marxism present a substantial obstacle in identifying the methodology of the general Marxian program. It would seem that Marx himself was much less preoccupied with matters of method per se and focused more energy into the development of his theories of capitalism. To say that Marxist economics is based on contextual analysis and attention to the dialectic clarifies the Marxist methodology, but does not specify it. Indeed, Marxist economists disagree with respect to the direction of causation in the discussion of context and what Marx intended in his approach to the study of an economic system through the dialectic. This disagreement is evidenced by the contentious use of historical materialism to describe the mechanics of the dialectic (Amariglio, et al, 1991, 5). Moreover, substantial disagreement would seem to exist with respect to the application of modern “advances” in economic methodology to the Marxist framework.

The Hegelian dialectic would seem to present the one approach within Marxism to which all Marxist traditions adhere (Heilbroner, 1980, 20-1; Messer-Davidow, et al, 1993, 153; Foldvary, 1996, 63-4). If viewed in the most general sense of the term, the dialectic approach implies a dynamic system of change through contradiction (Heilbroner, 1980, 20-1). Certainly this would seem to separate the Marxist methodology from the mainstream, however the use of the dialectic to describe the evolution of an economic system would not appear to

specify how that evolution might be analyzed. For instance, the Official Marxist would view the path of economic evolution as an *a priori* given, whereas the Neo-Marxist, as evident in the analysis of monopoly capitalism – a development in the evolution of capitalism not predicted by Marx (Baran and Sweezy, 1966, 4-5) – would view the course of that evolution in a non-deterministic fashion. While both of these approaches might be said to embody the dialectic, contention would seem to reside with the conceptualization and employment of the dialectic.

Moreover, the various Marxist groups differ with respect to the manner in which materialism is employed in economic analysis. Materialism no doubt constitutes a major premise of any Marxian program – there would appear to be little doubt that within the broader Marxian tradition that the configuration of the relations of production significantly impacts society (Heilbroner, 1980, 20-1). The difference would seem to reside in the direction of causation of that materialism. As discussed earlier, the Official Marxists approach the study of the economy via historical materialism, whereby the economic system, or more specifically, the forces and relations of production are considered in unidirectional fashion to determine or form the institutional context of society. By contrast, the Neo-Marxists employ reciprocal causation whereby the economy and its institutional context influence the development and evolution of one another. Both approaches could be described as materialist and as a result, more contextual than the orthodoxy, however, closer examination reveals that the underlying theories of these two groups actually present very different materialist approaches to the study of the economy.

Additionally, a dialectic and holistic approach is not immune to mathematical treatment. The movement in some sects of Marxian thought, particularly after the period of renewed interest in the 60s and 70s, towards a more mathematical methodology (Beaud and Dostaler, 1995, 147 and Amariglio, 1987, 160) cannot be ignored. Samuelson, a one time critical nemesis of the Marxian project, later recanted and credited Marx as a no longer minor *mathematical* economist (as quoted in Beaud and Dostaler, 1995, 147). Likewise, Marx has been credited alongside Walras as founding the modern mathematical movement in economics (Beaud and Dostaler, 1995, 147). Amariglio (1987, 160), however, makes a different point by stating that the movement on the part of some Marxist economists to a more mathematized approach to the discipline stems from an attempt to “modernize.” Whether this movement was the result of mainstream economists gaining interest in Marxian ideas and imposing their mainstream tools onto Marxian topics or was the result of Marxian economists tiring of their marginalization and acquiescing to a degree in order to gain credibility in the discipline is not altogether clear. The rationale, however, would not seem as important as the act of mathematization itself. As previously stated, the one common element of the broader heterodox program appeared to be the across the board rejection of the intense mathematization of economics. While a mathematical based methodology is not generalizable to the Marxist program writ large, for the group of Marxists (presumably, although not specifically stated the Post-Marxists) to which it does apply, an interesting question is raised – given a conceivably heterodox scope, theory, and ideology

with an orthodox methodology where does that place a group with respect to the divide?

It is therefore not enough to state that the Marxist program may be generally described as maintaining a contextual and dialectic approach. Specificity reveals different theoretical constructs supporting these approaches between different Marxist programs. While the use of the dialectic and considerably more holistic (Howard and King, 2001, 792) approach would seem to weigh more heavily on the side of heterodoxy, these descriptions would not seem sufficient. The underlying theory – specifically, the unilateral and unidirectional causation and *a priori* assumptions – of the Official Marxists would seem too reminiscent of the approach of the orthodoxy to warrant comfortably a heterodox classification. The Official Marxists do, however, employ a wider scope of inquiry and maintain the essential Marxist ideology. Without an articulation of the heterodox program it does not seem plausible to determine how these characteristics might counterbalance one another and in the end resolve the nature of the respective group.

The many variations on general methodological themes would thereby seem to prevent any firm assessment of the place of the Marxist program writ large within or without heterodox economics. Certainly the utilization of mathematical tools and unidirectional causation in the approach of the Post-Marxists and Official Marxists respectively would not seem heterodox in the general sense of the term. The Neo-Marxists however would appear, much like the Original Institutionalists, to differ significantly from the mainstream with

respect to scope, theory, ideology, and method; so much so it might be speculated that the Neo-Marxists present a model for heterodoxy. What this implies for the articulation of heterodox economics is that placement on either side of the divide cannot be determined by the original tradition from which a group traces its influence. Instead, articulation must reside in the assessment of the current nature of a group of thought as measured against an articulated heterodox rubric irrespective of its progenitors.

Radicals Steal the Spotlight

Much of the secondary literature appears to focus on the current radical movement as opposed to the current Marxist movement in economics. The radical movement was essentially born in tandem with the Marxian renaissance of the late 1960s, early 1970s (Backhouse, 2000, 151; Backhouse, 1985, 392; Beaud and Dostaler, 1995, 104; Weintraub, 1977, 560) and would appear to have taken over the spotlight, perhaps due in part to the awkward association of Marxism with the fall of the formerly socialist countries. The radical program consists of a broad array of economic traditions, most of which are prime candidates for the heterodox title. This would seem to imply that there might be something in the radical paradigm writ large that could be unpacked and examined in an effort to determine the nature of a broader heterodoxy. The danger inherent in such a course of action is that the terms radical and heterodox become synonymous and in so doing, taint the true nature of the heterodox program – unless, of course, heterodox should be interpreted in such a manner.

The Radical Program: Scope, Method, Theory, Ideology

The scope of radical economics may be generally described as an amalgamation of the Original Institutional, Post Keynesian, and Marxist traditions. The scope of economic inquiry is thus widened to include institutional context (Sherman, 1987, 8-9; Weintraub, 1977, 560), power relations (Samuels, 1980, 543; Sherman, 1987, 8-9; Weintraub, 1977, 565), societal molding of preferences (Sherman, 1987, 15), and income distribution (Samuels, 1980, 543). Furthermore, attention is focused on the struggle of those naturally subjugated within the capitalist system, whether that oppression stems from racial or sexual discrimination, economic imperialism via neo-colonialism, or worker exploitation (Backhouse, 1985, 392). While each radically enhanced program of study would perhaps concentrate on various facets by differing degree, it would seem that none of these means of broadening the scope of economics would contradict one another; indeed, they would seem to reinforce one another. More importantly, however, this description of the scope of radical economics would appear fundamentally in conflict with the mainstream.

Given that the term radical serves as an umbrella title for multiple, variegated research programs, providing a definitive description of the methodology of radical economics presents a rather ambitious, onerous task. Broadly speaking, however, radical methodologies use an interdisciplinary approach, infusing social, political, cultural, and historical context – the embedded economy – into economic analysis (Weintraub, 1977, 560). The theories from which these methodologies derive would seem to provide evidence

that the methodological approach of the radical program is not premised on a *priori* assumptions or non-empirical grounds. In so doing, radical economics once again distinguishes itself from mainstream economics.

The theory of radical economic programs would appear to consist of modern interpretations of the original Marxian economics in that they generally involve theories of class conflict (Weintraub, 1977, 561-4), the state (Weintraub, 1977, 561-4, 571), and the inherent characteristics of the capitalist system (Samuels, 1980, 560; Hunt and Sherman, 1978, 190; Sherman, 1987, 1987, 5-7; Weintraub, 1977, 561-4). Although the nature of the critique may differ, radical economics may be said to criticize mainstream theories for their static, optimizing, equilibrating, and generally restrictive character (Backhouse, 1985, 392; Hunt and Sherman, 1978, 133; Sherman, 1987, 5-7) and to reject mainstream marginal analysis (Weintraub, 1977, 560-1). The widespread critique of the marginal productivity theory, for instance, takes different forms in different programs, but is rejected by all that would call themselves radical (Hunt and Sherman, 1978, 189-91). In so doing, radical economics would appear to also call attention to the value of labor (Hunt and Sherman, 1978, 189-91), once again, varying by degree in its role in the determination of value, but nevertheless recognizing its exploitation by the capital side of the economy. While each of these theories and critiques may differ in content and substance between the Original Institutionalists, Post Keynesians, and Marxists, they nevertheless comprise part of the theoretical core of each.

The political philosophy of radicalism is actually quite old. Although reaching further into the past than those criticisms born of the industrial revolution, this historical period would seem to present a watershed point in the development of the radical philosophy, with criticism congealing around the machinations of the nascent capitalist system. Since that time, the nature of the radical philosophy has evolved as reflected in the concerns of current radical economics, although the origins of the radical philosophy remain deeply embedded. This would appear to be evident in the continuous critique of the capitalist system (Stanfield, 1995, 182) and the radical proposal that the system and the injustices it creates (Backhouse, 1985, 391) cannot be corrected or stabilized, but rather must be dismantled and replaced with the more benevolent and evolved system of socialism (Weintraub, 1977, 564-5; 559). The ideology of radical economics thus stands diametrically opposed to mainstream economics (Stanfield, 1995, 182), which does not profess to support any particular political ideology (Weintraub, 1977, 477) and is furthermore perceived by some economists to present an apologia for the capitalist system (Hunt and Sherman, 1978, 133; Stanfield, 1995, 182).

While this ideological stance would appear quite natural for radical economics, such is not necessarily the case for its proposed constituency. There may in fact be Original Institutionalists, Post Keynesians, and even some variants of Marxism that believe change within the capitalist system is possible and a better way of life is conceivable outside the socialist paradigm. This would appear evident in Dugger's delineation between Institutionalists, whose main

concern is social provisioning and Radical Institutionalists, who concentrate on social provisioning for the poor (Dugger, 1989, vii). One characteristic does however, stand clear: radical economics and its composite programs do find fault with the current capitalist system and advocate the prevalent need for change.

Radical and Marxist thought seem to proceed in lock step, yet the nature of the relationship between them remains to be understood fully as well as their relationship to the broader category of heterodox economics. Although the terms Marxism and radical are used synonymously at times (example: Pearce, 360), there does appear to be a distinction between the two where Marxism, or at least many of the present incarnations of Marxism, could be interpreted as a subset of radical economic thought. Radical thought would thereby seem to represent a much broader range of views, which although are rooted in the Marxian discussion of class and power, are not fundamentally committed to the Marxian tradition (Weintraub, 1977, 561). Indeed, as Scott and Backhouse point out, radical economists, are “not the same as Marxian” and in fact “reject many of the dogmas maintained by Orthodox Marxists” (in Mair and Miller, 1991, 252; Backhouse, 1985, 392, respectively). Other groups included under the radical umbrella, all of which may be argued represent a heterodox constituency; include the Original Institutionalists (those following the Veblenian tradition), Post Keynesians and leftist Keynesians, neo-Ricardians (Sherman, 1987, 4), and Social Economists (Clark, 1998, 66). The radicals would thus seem to present a range of likely heterodox views, as indicated by Sherman’s (1987, 5) statement,

“...all radicals are heretics by nature...” Whether this implies that radicals could reasonably be considered heterodox remains to be determined. The heterodoxy of radicalism would in turn impact the heterodoxy of Marxists and leave open the question of whether Marxists, either identical to or a subset of radicalism, are also heterodox by default. This issue becomes particularly important with respect to some Marxist groups for which heterodox classification would not appear to be a clear issue. An articulation of the Marxian and radical programs would serve to clarify the differences and similarities between them as well as to propose characteristics of the heterodox program writ large.

Radical and Heterodox – the New Unruly Adjectives of Economics

An investigation into the scope, method, theory, and ideology of the radical paradigm reveals many of the distinguishing characteristics of more specific traditions in economic thought. Radical economics thus would seem to embody a pluralism of approaches to economics – Original Institutionalism, Post Keynesianism, and the subject of this chapter, Marxism – all of which revolve around a central ideology of the inherent flaws of capitalism and the inability of orthodox economics to adequately recognize or address those defects. As such, radical economics would seem to exemplify the spirit of heterodox economics. The implications of this observation would not seem insignificant. Those programs of study within economics that appear less questionable with respect to the placement on the heterodox side of the divide also appear beneath the radical rubric. This would seem to suggest that in order to receive a more

emphatic declaration of heterodoxy, a research program must not only contain some critical mass of dissent, but that critique must also stretch to incorporate dissent from the capitalist system proper. Should this supposition prove accurate, it could reasonably explain the questionable nature of other programs, such as the Austrians and New Institutionalists whose heterodox status has not only been called into question but also seriously debated and contended. A criterion of dissent from the capitalist system would furthermore imply that heterodox economics should therefore be more appropriately titled radical economics or radical political economy and effectively leave out the Austrians and NIE and leave unaddressed the placement of the Post-Marxists, specifically, the Analytical Marxists who use mainstream tools for radical purposes. It would appear that the placement of each of these three groups – Austrian, New Institutional, and Post-Marxist – with respect to the heterodox/orthodox divide, would reveal much by way of what heterodoxy comprises.

CHAPTER 9: NON-ORTHODOX GROUPS IN THE SECONDARY LITERATURE

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.” – Margaret Mead

The secondary literature contains a myriad of assorted groups that appear to be different in some form or fashion from orthodox economics. These groups are not only different from the mainstream and from one another, but are different in the manner and degree by which each is distinguished from orthodox economics. Perhaps by examining each of these groups, a picture of what heterodoxy *is* as opposed to what it is *not* will emerge.

The Umbrella Phenomena

Heterodox is not the first title proposed for those groups that lie outside the mainstream. There have been many experiments with different labels, some that have endured for a while, but many that have faded as quickly as they emerged. It would appear that the economics discipline has always encountered some difficulty in knowing what to call these groups that do not conform to convention. Perhaps the difficulty resides in the lack of clarification of the common ground those groups share, besides that of criticism of orthodox economics. This tendency to pull together these groups, coupled with the lack of staying power of the various attempts to describe them under one name would seem to indicate that an exploration and articulation of the common ground these groups share is in order. Indeed, it would seem ill advised to implement a name or title for a collection of groups without first considering the basis and reasoning

behind that collection. Without knowing the basis and reasoning behind calling certain groups of thought “heterodox”, it would seem likely that this newest term will suffer the same fate as its umbrella predecessors.

Two Sides of the Same Coin

As previously mentioned, there appears a trend in the secondary literature, particularly with respect to the current discourse regarding heterodox economics whereby authors appear reticent to classify groups as either distinctly heterodox or distinctly orthodox. What therefore emerges is a categorization system that consists of heterodox and not-so-much-heterodox-but-not-really-orthodox groupings. While not deliberately constructed to provide a dividing line within the discipline, two such groupings appear within the literature nonetheless, referred to separately as political economy and constitutional political economy. Although they are not presented as mutually exclusive of one another, nor is one juxtaposed against the other, between the two groups much of the questionable territory of dissent would seem to be covered.

Political economy would seem to closely resemble the less questionably heterodox groups. These “non-neoclassical” traditions include the Original Institutionalists, who are credited as the founders of political economy, Post Keynesians, Marxists, Social economists, feminists, and others (Whalen, 1996, 3, 7). The theme of all of these groups would appear very familiar: broader scope, social conceptualization of the economic agent and preference formation, and the incorporation of historical and institutional analysis and process into the economic discussion (Whalen, 1996, 6-7). The critiques of orthodox theory

likewise resonate: the focus on explanation in addition to prediction, the rejection of abstraction, and the rejection of a value-free discipline (Whalen, 1996, 6-7). In this sense, political economists are focused on the questions and concerns of the world outside the ivory tower and recognize that the economist as well as the kind of economics he/she implements shape and guide real world policy decisions (Whalen, 1996, 18). Likewise, in this manner, the political economist also acknowledges the connection between economy and polity as well as the perceived fantastical notion of a self-correcting market (Whalen, 1996, 7). Political economists thus purport to ask those questions neglected by orthodox economics and address issues left irresolvable by its respective methods and theories (Whalen, 1996, 19).

Constitutional political economy would seem to encompass those groups that occupy the gap between the heterodox-orthodox divide. Like the political economists and unlike the mainstream, this group proposes to inject institutional context into economic analysis. It suggests doing so, however, by maintaining an orthodox framework, such as that of methodological individualism – a proposal that would seem to differentiate this group from the political economists (Davis, et al, 1998, 69). This effort to broaden the scope of orthodox economics while preserving its theoretical and methodological integrity would appear to describe appropriately some of those groups for whom classification would seem difficult. Indeed, according to the secondary literature, the constitutional political economy group includes Public Choice, the New Institutionalists, law and economics, and economics and property rights work (Davis, et al, 1998, 69).

This approach is described as “constitutional-contractarian” and sells itself as an “alternative to traditional, utilitarian welfare economics” (Davis, et al, 1998, 71). The preoccupation with constitutional construction and the preservation of individual liberties would seem to allow for the free-market, capitalist ideology that perhaps has prevented these groups from entering the ranks of “true” dissention.

This taxonomy of political economics and constitutional political economics might indeed be useful, but would appear deficient in two main respects. First, it does not cover all groups who would dissent from orthodox economics. There might in other words, exist some groups who would not fall into either categorization, such as the Analytical Marxists, particularly given the more specific nature of the constitutional political economy group. Secondly, the umbrella of political economy has been tried before and recently abandoned it would appear for the term heterodox. This would seem to raise questions as to why political economy was replaced with heterodox economics but moreover whether “heterodox” is yet another fad or if it represents a significant change in the tide of the current nature of the discipline.

The Evolutionary Fad

It would seem from the secondary literature that many groups wishing to distinguish themselves from the mainstream at one time or another christened their efforts as “evolutionary” (Davis, et al, 1998, 160-1). The list is diverse and without substantial common ground: the Original Institutionalists and members of the Association for Evolutionary Economics, the disciples of Schumpeter, the

Austrians, evolutionary game theorists, and complexity/chaos/non-linear dynamics theorists (Davis, et al, 1998, 160; Mair and Miller, 1991, 208). It would seem that each of these groups had something different in mind when choosing to describe their efforts as evolutionary.

The real issue, however, is not what is intended with the use of the term “evolutionary.” Evolutionary is a broad enough expression that its interpretation might be applicable in a variety of contexts, whether to describe the change, deterministic or otherwise within an economic system or to describe the economic thought of the respective group implementing the term. What would seem more important is the lesson that whatever terminology is selected to describe the non-orthodox work of any particular group or groups it must be chosen carefully and thoughtfully with specific connotation, or the term itself becomes ambiguous or meaningless. Clarification of the term heterodox would now seem imperative not only for clear identification, but also so that the term will not lose its meaning via the haphazard adoption process.

Attempts at Reconciliation

In addition to the various attempts to categorize or classify, there appear proposals for reconciliation between the diverse traditions of thought within the discipline. Indeed, other umbrella groups present various proposals in what would appear to be valiant efforts to remove conflict and marginalization from economics. Those who claim not to prescribe to any paradigm, such as with the postmodern tradition, reject the domination of any particular group and the existence of a one, all encompassing “Truth” (Foldvary, 1996, 1). The

Universalist movement seeks a compromise within the discipline through its proposal to meld paradigms together, not in an attempt to establish a grand theory of sorts, but rather to fill in the gaps or misalignment with empirical results that a single paradigm might present, “for example one could be an Austrian institutionalist geo-economic adherent of the Virginia school” (Foldvary, 1996, 19). Lastly, Foundational economics attempts to unify economics writ large by combining elements from various groups that prove reasonable and useful into one approach to economics – “an integrated pluralism of methodology” (Foldvary, 1996, 154).

While each of these gatherings of groups would appear noble in their attempts to reconcile the entrenchment of orthodoxy with a not insignificant amount of dissent, none would seem to offer a plausible direction for the future of the economics discipline. Some structure must exist, even if it denies possessing the monopoly on truth. Furthermore, movements towards, either implicitly or explicitly, a grand theory or theories would seem to contradict the spirit of dissent as rebelling against a mono- or oligo - approach to economics. Furthermore, such unification would seem detrimental to the evolution of the discipline, as it would appear disruptive to the Kuhnian process of scientific revolution through the conflict between paradigms.

Divided Traditions

Public Choice

An examination of the secondary literature reveals that there exists little consensus with respect to the Public Choice group of economists. Like the Austrians, adamant views appear on both sides of the divide as to whether Public Choice represents a dissident group of economic thought or merely a subset of orthodox economics. The reasons for such conflict also appear very similar to the cause for debate with the Austrian group as discussed in chapter four: that there are differences between Public Choice and mainstream economics would not seem to be the issue, but rather whether those differences are significant enough to differentiate Public Choice from orthodoxy and whether there exist enough contradictions and critiques to warrant heterodox classification. Perhaps an examination of both sides of the debate will work to reveal those elements necessary in the determination of heterodoxy.

Orthodox Elements of Public Choice

There would seem to be little disagreement over the observation that Public Choice thought shares some elements of mainstream economic thought. Indeed the roots of the Public Choice group would seem to be undeniably neoclassical (Davis, et al, 1998, 399). For instance, methodological individualism and subjective valuation (Whyne, 1984, 117; Whyne, 1984, 135), two features that would appear distinctly orthodox, seem critical to the Public Choice framework. Likewise, that the motivating drive behind all human action rests on the primal and ubiquitous instinct of self-interest (Boettke and Prychitko, 1994,

246; Davis, et al, 1998, 397; Foldvary, 1996, 1), the anti-holism stance (Gruchy, 1987, 154), and the aggrandizement of the individual over the collective (Gruchy, 1987, 155) would all seem to align Public Choice very closely with orthodox thought.

Gruchy describes the Public Choice group as a classic example of economic imperialism, whereby orthodox economic techniques are imposed on topics and issues outside of the strictly economic realm: "homo economicus invades the halls of government" (Gruchy, 1987, 154-5). Examples include the application of Pareto optimality to the political field (Gruchy, 1987, 155), the blaming of the failures of government intervention on the individualistic self-interest of politicians (Foldvary, 1996, 71), and the conceptualization of politics as analogous to the exchange process (Boettke and Prychitko, 1994, 246). To Gruchy (1987, 157), these characteristics mean that Public Choice economists are, "basically orthodox economists" where "economics is not more than the science of choosing among scarce alternatives" (Gruchy, 1987, 156).

Despite these similarities, some authors contend that the application of these ideas to realms outside of the economic arena is what differentiates Public Choice economists from the narrow frame of inquiry of orthodox economics. The application of the self-interest motive, or rent seeking, to politics in an effort to describe political behavior would seem to represent a slight deviation from the economics only approach of orthodoxy. The question remains whether a difference in scope is enough of a difference. For some authors, it is.

Heterodox Elements of Public Choice

Authors point to both the critique by and the content of Public Choice thought as evidence of heterodoxy. The Center for the Study of Public Choice, for instance was so christened in order to signify the return to the political economy approach of the classical economists and the departure from the circumscribed frame of inquiry of orthodox economics (Foldvary, 1996, 61). Furthermore, it is claimed that the Public Choice economist expands the scope of economics to include institutional and social context (Whynes, 1984, 118) as well as the issue of conflicting interests which conventional economics neglects (Davis, et al, 1998, 398). Additionally, Hamlin states that Public Choice represents, “a substantial critique of the inherited, neo-classical economic orthodoxy” (in Whynes, 1984, 116), including the rejection of utilitarianism, a cornerstone of neoclassical thought (Whynes, 1984, 117, 119), in addition to offering criticism of new welfare economics (Foldvary, 1996, 68).

The secondary literature offers an array of comparisons of Public Choice to other groups that reside outside of the mainstream. Hamlin presents arguments that Public Choice is akin to Original Institutional thought given the incorporation of institutional context (in Whynes, 1984, 119), most notably in the political realm, and to Marxist thought, where Hamlin suggests that Public Choice would support a socialist system were it the will of the individuals involved (in Whynes, 1984, 136). Rutherford (1994, 127) states that the work of Public Choice economists, specifically with reference to their work on “collective choice,” should be of “substantial interest to any member of the OIE.” Given that

the ideology of the Public Choice group is individualistic in nature and closely aligned with that of Austrian economics (Foldvary, 1996, 16); it would seem unlikely that the Original Institutionalists or Marxists would find much common ground with Public Choice economists. Despite the contextual scope of Public Choice theorists, it would seem that interest on the part of the OIE or Marxists would reside in the contention of these groups to the individualist centered approach of the Public Choice group. Perhaps this is also the root of their contentious classification within or without the heterodox ranks.

An Uneasy Space

Public Choice economics would thus seem to occupy that uneasy space between orthodoxy and heterodoxy. To be certain, this group would appear to possess qualities of each but without a solid idea of what composes heterodox economics and a clear rubric against which it might be measured; classifying the Public Choice group becomes a rather onerous task. The secondary literature would seem to indicate as much – “Public choice very definitely has a life of its own, but it is clearly related quite closely to economics and its methodology” (Davis, et al, 1998, 399). Indeed, it seems that Public Choice economists play both sides of the fence.

The divergence of Public Choice economics from that of the mainstream would seem most obviously to occur in the area of scope. There exists for instance the incorporation of institutions into the economic discussion (Foldvary, 1996, 64) as with the widening of the definition of the market in Public Choice analysis (Whyne, 1984, 117). This however does not negate the focus on the

market as the primary institution of economic study (Whynes, 1984, 117), only changes its conceptualization (Foldvary, 1996, 64). Likewise, the expansion across disciplinary borders into the other social sciences represents a departure from the narrow frame of inquiry of mainstream economics, but the subjugation of this expanded scope to the tools and techniques of the orthodoxy (Gruchy, 1987, 154-6) does not. As Gruchy (1987, 153) states, "a number of economists remain adamant...that all that is needed is an effort to broaden the scope of mainstream orthodox economics... This is the view of the public choice economists who today carry on the tradition of denying the validity of the claims of all heterodox economists." It would therefore seem that while scope might not represent an insignificant departure from orthodox thought, it is not enough on its own to elicit heterodox classification. When accompanied by orthodox methodology, theory, and ideology, scope would not seem to offer a significant critical mass.

Public Choice would thus appear to walk the divide between orthodoxy and heterodoxy with some degree of deliberateness and care. This precarious balance of heterodox topics and orthodox tools and theory would appear to be but one source of confusion regarding the nature of the Public Choice research program as noted in the previous chapters on Austrian economics (chapter four) and the NIE (chapter six). Guilt by association would seem to constitute another serious source of doubt. There appears some delineation within the literature between a Chicago Public Choice group and a Virginia Public Choice group (Foldvary, 1996, 80; Rockwell, 1). While the differences between them would not appear to be drastic enough to warrant frequent exploration within the literature

and the programs are at times even perceived as substitutes (Foldvary, 1996, 16), the cause of the splintering does present a curiosity. The Chicago Public Choice group would appear more focused on markets while the Virginia group allows more institutional context into their discussion (Foldvary, 1996, 64). This raises the question of whether there could potentially be a heterodox and orthodox version of the same economic tradition. Additionally, the split within the Public Choice group of thought could potentially mean that the questionability of the Public Choice group writ large is due its constituency that belongs to the Chicago group. Of course, the Virginia group would also seem to be associated closely with neoclassical and Austrian thought. The guilt by association is then magnified.

What remains to be explored within the secondary literature is whether some sort of compromise could exist for these groups that occupy the no man's land between heterodoxy and orthodoxy. Perhaps that is the purpose of the ever-evolving umbrella groups who are trying simultaneously to encapsulate the spirit of dissent while still maintaining a meaningful distinction between heterodoxy and the not-so-orthodox. Klamer and Colander (1990, 17) call groups like Public Choice "neoclassical political economy," but this would not seem to provide a useful categorization. Whether these attempts to capture the in-betweens are useful, particularly with respect to the strengthening of the heterodox program, cannot yet be determined.

Feminist Economics

The case of a heterodox-orthodox divide within an individual program of study is not an isolated phenomenon. Feminist economics provides a particularly conspicuous example of such. To be certain, many traditions of thought within the economics discipline display heterogeneity with respect to composition and areas of focus (Foldvary, 1996, 100; Pritchko, 1998, 309). The Feminist group however, presents rather disparate angles on the economics polemic as there appear to be neoclassical feminists, institutionalist feminists, and radical feminists to name but a few (Foldvary, 1996, 100). How then will the nature of feminist economics be determined? The answer will most certainly turn on the heterodox taxonomy.

The Orthodox Side of Feminist Economics

While not widespread in the secondary literature, there does appear a reference to the feminist research of some economists who otherwise continue to operate within the orthodox framework. These seem to be economists who have taken parts of the feminist critique into consideration while maintaining the orthodox research program, for instance by applying orthodox tools and techniques to the behavior of both men and women. To be certain, incorporating any degree of gender into the economics discussion would seem to present an expansion of mainstream economics and perhaps a shift in the discussion from efficiency to equity concerns. An agenda which addresses concerns that are specific to females and attempts to widen economic research past its “androcentric” focus would seem stretch the orthodox mode of inquiry without

disrupting its integrity in any fundamental way. Indeed, this would not seem to represent a significant departure from the operational status quo of the mainstream.

Woolley outlines the agenda for “feminist neoclassical economics” whose mission statement articulates the goal of gender equality and the appreciation and investigation of gender differences in economic research (in Prychitko, 1998, 309-10). The example of the Chicago economists, Becker and Stigler, are offered as evidence of orthodox economists who fold gender analysis in their respective work (Prychitko, 1998, 325-6). Woolley continues by stating that most self-identifying feminist economists would not consider this type of work distinctly “feminist” (in Prychitko, 1998, 325-6), so it would seem that the relevant question here is not whether this particular strain of economic research that incorporates gender is heterodox or not, but rather if it should be considered feminist-orthodox or as just another example of orthodox imperialism.

The Feminist Critique – Feminist Economics as Heterodox

Given the heterogeneity of the feminist economics group, it appears difficult to paint a picture that would include all facets of the various research programs operating under its name. Instead what appears, as so often does upon examining potentially heterodox groups is definition by way of opposition; in other words through what the conceivably heterodox group rejects rather than what it accepts. Regardless, unpacking the various elements of the feminist critique could serve to elucidate essential and generalizable facets of the heterodox program.

Feminist economics is differentiated from orthodox economics most strongly on the issues of scope and methodology. The androcentricism of the orthodox frame of inquiry presents a formidable challenge (Amariglio, 1987, 98-100; Foldvary, 1996, xvi; Prychitko, 1998, 314-24, Foldvary, 1996, 17) and seems to unite most feminist economists regardless of particular program persuasion. The heterodox variations of feminist thought, however, also extend the scope of economics (Foldvary, 1996, 100; Nelson, 2003, 50; Whalen, 1996, 79; Whalen, 1996, 66-7) to include institutions (Foldvary, 1996, 101; Prychitko, 1998, 325), the private sphere of work and value (Foldvary, 1996, 105), endogenous preference formation (Prychitko, 1998, 314-325), and relationships outside that of exchange (Cohn, 2000, 9). Methodologically, feminist economics demands significant changes to the orthodox approach. For instance, many variations of critique exist with respect to mainstream models (Prychitko, 1998, 314-24); specifically with respect to the high level of abstraction, formalization, and perceived abuse of econometrics found therein (Nelson, 2003, 49). The combination of distinctly different scope and methodology would seem to differentiate the feminist economists from the orthodoxy as well as from those who might be called feminist-orthodox economists.

Additionally, feminist economics appears differentiated from orthodoxy in terms of theory and ideology, although the heterogeneity of the group prevents a detailed and pointed discussion of such differences. What might be said in very general terms is that feminist economists take issue with what they perceive to be the theoretical bias of the mainstream. The restricted nature of theoretical

construction, as illustrated in the narrowness of orthodox labor theory (Foldvary, 1996, 18), and the neglect of the social ramifications of theory to the potential detriment of women (Foldvary, 1996, 109), are offered as examples of this implicit bias in mainstream theory. Moreover, the ideological focus in feminist economics shifts from questions of efficiency to concerns of equity (Foldvary, 1996, 1; Prychitko, 1998, 309) and justice (Prychitko, 1998, 326).

The theoretical and ideological incongruities between feminist and orthodox economics coupled with the manifest differentiation with respect to scope and methodology would seem to present a stark contrast against orthodox economics and therefore provide some proof of heterodoxy. Such differentiation does not however serve to dispel the confusion with respect to the content of heterodoxy writ large. Indeed, it would seem apparent that if a group is distinguished from the orthodoxy on all four of the major constructs of its research programs – scope, method, theory, and ideology – that heterodoxy should be uncontested. What it does not serve to clarify is what might be said of the nature of a program that appears “somewhat” similar to orthodoxy in any one area and what degree of “somewhat” is allowed before consideration of heterodoxy is thereafter revoked.

A Hodgepodge of Possible Heterodoxies

Within the secondary literature, a host of other relatively smaller groups of thought appear, all of which hold contention with a part of the mainstream program. The disagreement varies by degree and by kind, yet each would seem to define themselves in part through contrast with orthodox economics. A

deconstruction and examination of the various facets of these programs as well as their respective critiques of orthodoxy should thereby contribute to the clarification of heterodox economics.

Humanistic

The humanistic group would appear to construct the economic agent in a more comprehensive manner than the mainstream, thereby presenting a socially constructed individual (Lutz and Lux, 1988, 318). This comprehensive conceptualization is extended through the analysis of motive whereby action is not rooted simply in the self-interest motive, but also in the desire for justice and truth (Lutz and Lux, 1988, 18-9). Wants are proposed to be finite (Foldvary, 1996, 120-1) and replaced with needs that are more “authentic” and less superficial, i.e., less focused on material desires (Foldvary, 1996, 18, 124-6). Welfare is thus redefined to include dignity and general well being (Lutz and Lux, 1988, 318). In so doing, the humanistic economist is attempting to, “(Inject) life into the mechanistic core of economics...” (Lutz and Lux, 1988, 318).

The “mechanistic” and deterministic methodology of orthodox economics also represents a point of departure for the humanistic economist, who rebels against the confines of the heavily quantified and mathematized approach of the mainstream (Foldvary, 1996, xvii, 124-6). This would seem to be a natural outgrowth of the more complete conceptualization of the individual. While the humanistic economist would not seem to object to the use of mathematics per se, it is subordinated to the observation of human activities and the application of intuition (Foldvary, 1996, 124-6).

Likewise, the different value system imposed on the individual by the humanistic economist implies the need for an alternative theoretical core as well (Foldvary, 1996, 18), as the ability to construct objective theory is seriously questioned (Foldvary, 1996, 124-6). Such is exemplified in the retreat from the individualized utility maximization theory in favor of theory that insures adequate provisions for the whole of society (Foldvary, 1996, 124-6). This is not to say that humanistic economics calls for a total abandonment of mainstream economics, but rather that it believes it to present a special, contrived case (Lutz and Lux, 1988, 318).

While humanistic economics questions the ideological bias of the mainstream – the idea that more is desirable and better (Foldvary, 1996, 120-1) and that self-interest is natural and instinctual (Foldvary, 1996, 124-6) – the program itself claims to transcend ideological bounds (Lutz and Lux, 1988, 3). This is not to say that moral and ethical considerations are not allowed to permeate the economic discussion, indeed, the self-interest motive itself is questioned as habitual rather than as instinctual (Foldvary, 1996, 121). Instead, these deliberations and reflections compose an integral part of the economic discussion through the inclusion of ethical and philosophical precepts as opposed to surreptitiously guiding economic analysis (Foldvary, 1996, 18).

Geo-Economics

Geo-economics (also known as Georgist economics), building off the work of Henry George (Foldvary, 1996, 57), would not appear fundamentally different from mainstream economics in methodology (Foldvary, 1996, 15). Scope and

theory appear strikingly similar to that of the orthodoxy as well, the central point of departure for Geo-economists consisting of criticism of the orthodoxy's continued exclusion of land and natural resources from orthodox economic analysis (Foldvary, 1996, 9, 15). While Geo-economists would posit that orthodoxy fails to present a comprehensive theory in this regard, they also would see fit to apply the marginal productivity theory of neoclassical economics to natural resources. The orthodoxy therefore neglects a critical factor of production with the exclusion of natural resources but would otherwise seem to present a scope, methodology, and theory that is sufficient for Geo-economics.

The substantial difference between the Geo-economics and the orthodoxy resides in ideology as the incorporation of natural resources spills over into the public policy arena. Geo-economics claims that a more efficient and equitable outcome is possible (Foldvary, 1996, 52) with the removal of tax on labor, and its replacement with a substantial tax on land rent (Foldvary, 1996, 1). This policy proposal is rooted in the belief that all humans are morally equal, and as such, the rent gleaned from land and natural resources, which are collectively owned, must be shared by all. To allow a single individual to accrue profits from a collectively owned resource allows for the assertion of superiority over otherwise equal individuals. Furthermore, market failures, specifically the problem of free riders, are essentially eliminated as all public goods and services may be financed through the proceeds from the "single tax" on resource rent.

Despite these seemingly small differences, Samuels claims that the Geo-economic group represents, "...What may be both the most dramatic and the

most venerable school – indeed movement – of heterodox economics” (Foldvary, 1996, xiv). Certainly the Geo-economists depart from the mainstream with respect to ideology, but aside from the inclusion of another factor of production, do not appear significantly different from the orthodoxy in scope, method, or theory. When determining the nature of Geo-economics whether the weight of the ideological differences and the relatively small amount of attention paid to the group is enough to tip the scales in the direction of heterodoxy remains to be seen.

Socio-Economics

Socio-economics also touts the now familiar theme of expanding the scope of mainstream economics. The focus of Socio-economics is shifted from the orthodoxy’s atomistic conception of the economy to one that is embedded in the larger societal system, interacting with the cultural and political spheres. As such, economics, economic actors, and the market itself cannot be studied in isolation from its social context (Etzioni, 1988, 4-5, 15). Power, for instance, not only impacts the economy, it is also perceived to be a product and producer of the institutional structure (Etzioni, 1988, 5).

With respect to theory, the Benthamite calculations of utility maximization are expanded and infused with an ethical component so that morality plays a role alongside that of pleasure seeking (Etzioni, 1988, 12). Decisions are therefore based not just on individual concerns, but are instead made on the collective level with consideration towards sociologically defined groups, such as that of the neighborhood or ethnic cohort. Likewise, decision-making is not an ends

oriented process; the means with which an objective is achieved also plays an integral role in the decision of whether and how a goal might be pursued. This more comprehensive theory of decision-making exemplifies the manner in which ethics are incorporated into economic theory.

For the Socio-economic group, attention paid to ideology would seem a natural outgrowth given their attempts to inculcate deontological concerns into their economic analyses. In contrast to orthodoxy, which eschews value judgments, Socio-economics “combines the study of reason with values and emotions” (Etzioni, 1988, 16). As such, positive and normative concerns, while maintaining their separate integrities, are considered inseparable (Etzioni, 1988, 16). As much as the orthodoxy strives for a value-free science, Socio-economics would appear instead to aspire to greater balance between science and morality.

The Socio-economic approach does not attempt to replace the orthodox methodology, but seeks rather to expand the techniques that it employs. The Socio-economist would not take issue with the use of deductive logic per se, but rather with its exclusive use to the neglect of induction (Etzioni, 1988, 19). With a more comprehensive theoretical foundation, socio-economic methodology is also driven by a broader approach that is not described as interdisciplinary, but rather as “cross-disciplinary” (Etzioni, 1988, 15-6). The distinction resides in the boundary between the various social spheres of activity. Interdisciplinary methodology is perceived to envision much blurrier lines between the social spheres and the social sciences than that of the cross-disciplinary approach. This would seem to present an important distinction as many of the potentially

heterodox groups specifically claim to use interdisciplinary techniques. The Socio-economist would seem to assert this distinction in using the cross-disciplinary as opposed to interdisciplinary approach: “(Socio-economics) does not return to the womb of early political economy but attempts to link spheres that will remain distinct. It seeks to integrate elements of economics and of other social sciences into one theoretical system, but not to fuse them” (Etzioni, 1988, 15). In searching for an articulation of heterodoxy, this would seem to raise an important point – whether a group of thought that does not prescribe to a particular facet of the recognized heterodox program, yet maintains an approach that is sufficiently distinct from that of the orthodoxy; can still be considered heterodox.

Social Economics

Social economics would appear very similar to other potentially heterodox groups in its campaign to widen the frame of economic inquiry to include cultural, political, and ethical considerations (Gruchy, 1987, 33; Prychitko, 1998, 179). Social economics, in contrast to the similarly named Socio-economics, would seem to advocate a deeper interaction between these social spheres as the boundaries between the spheres are not as distinct and separate as in the Socio-economic conceptualization (Samuels, 1980, 565). Furthermore, Social Economics envisions the economy as a subsystem of a greater whole (Gruchy, 1987, 33) whereby there exists reciprocal causation in the formation and evolution of both the greater social system and its component spheres (Samuels, 1980, 565). It is in this respect that Stanfield finds the scope of Social

Economics similar to and congruent with that of the Original Institutionalists (Gruchy, 1987, 33).

As a matter of course, the substantially broader scope of Social Economics lends as well to a more comprehensive approach to the study of the economy than that of orthodoxy. Indeed, the more comprehensive conceptualization of the individual requires that many of the variables the orthodoxy would exogenize become endogenous in the analysis of the Social Economist (Prychitko, 1998, 197). Social Economic theory as well is built upon the notion of the embedded economy (Samuels, 1980, 565). Theory, however, is driven by and remains subjugated to social and political concerns (Prychitko, 1998, 11). As such, theory is used as a tool in Social Economics, not as an end or exercise unto itself. It is this auxiliary role that is played by theory that departs from the primary role theory plays in orthodox analysis. With theory driving policy, the policy recommendations of the orthodoxy would appear rather thin to the Social Economist who would seem to view orthodox theory as overly constrained by its painstakingly deliberate construction (Prychitko, 1998, 197).

Indeed, theory is derived and driven by the ideology of Social Economics. Moreover, in contrast to the orthodoxy, ideology is not only professed but pushed to the forefront. Economic goals are redefined in terms of the collective good and what's more, emphasize dignity in addition to the provision of material goods (Prychitko, 1998, 11). Social Economics thus bears a striking resemblance to that of the Original Institutionalists, in scope, method, theory, and ideology. The marginal difference between the two groups would seem to reside in the angle of

approach to the economy whereby the OIE would seem to focus more sharply on the influence of power and the Social Economist on the impact of the relationships within a social configuration. As such, Social Economics would appear as different from the orthodoxy as the OIE and thereby seem to present a model of heterodoxy as well.

The List Continues...

There exist, to be certain, many more small groups of economic thought that do not appear with frequency or even regularity in the economic literature. Their mere existence, however would seem to serve the purpose of attempting to push the orthodoxy beyond its constricted borders in one or a combination of the areas of scope, method, theory, and ideology. Environmentalist economics challenges the scope and ideology of the orthodoxy through its protests against the perceived commodification of nature (Cohn, 2000, 9). Experimental economics, despite having garnered the attention of many mainstream economists, presents an approach to the discipline that stands significantly different from deductive methodology and thus has not been fully recognized or absorbed by the orthodoxy (Colander, 2000, 142). Bio-economics challenges the policy implications of the orthodoxy and advocates a less myopic policy towards natural resources (Prychitko, 1998, 197-8). Whether any of these diverse programs of study could be classified as heterodox is not certain.

Certainly, it would seem unreasonable to expect all heterodox programs of study to maintain the same ideals and present the same challenges to the orthodoxy. Indeed, it would seem, the entrenchment of a constricted paradigm

would represent the sort of tyranny against which these myriad groups rebel. A healthy heterodox research program, one that is strong enough to present a formidable challenge to convention, would seem to require a broad base and amenability to a pluralism of traditions, no matter the size. The line however, between pluralism and maintaining a cohesive, articulated, unified research program would seem delicate, and require caution in traversing it.

This collection of smaller, potentially heterodox traditions thus presents an interesting twist to the articulation of the heterodox program. While some would seem consistent with the larger likely heterodox groups, such as with Social Economics, others would not appear as compatible, such as with Geo-economics. It thus remains undetermined what might be said of a group of thought that appears substantially different from the mainstream *and* from the heterodoxy. Indeed, it would seem counter to the general mission of the heterodoxy to exclude groups of thought based on their dissimilarity to the core of such a program yet unwise not to establish any criterion for acceptance into the fold. One thing stands clear, these relatively smaller potentially heterodox groups must be considered, their challenges to the orthodoxy heard and measured, in the articulation of the larger heterodox research program.

CHAPTER 10: RESEARCH APPROACH

Survey Purpose

The textbooks and existing scholarly literature in the history of economic thought do not provide a clear picture of heterodox economics. This study therefore looks to the historians of economic thought for clarification of the nature of heterodox economics. By extending beyond a doctrinal examination and surveying historians of economic thought about the nature of heterodox economics, this study seeks clarity from those who will one day be charged with recording and analyzing what constitutes the economic discourse of today. The purpose of this research is to investigate the possibility of an emerging consensus with respect to heterodox economics that is not as of yet reflected in the published secondary and tertiary literature.

All economists practice history of economic thought implicitly by the very selection of their respective tools and approach. Indeed, the treatment or practice of any theory, current or otherwise, naturally implies an exploration, analysis, and assessment of that theory (Llodewijks, 1995, 134). New ideas, untouched by the past rarely spring fully formed from the foreheads of even the greatest of minds. Study of past theory provides stronger foundations for contemporary and future work (Brue, 2000, 9).

While the political and social circumstances of the profession will undoubtedly be influential in shaping the future movement of the profession, the impact of the history of economic thought cannot be ignored. "The way in which

history of thought is written may influence how economists understand reality “ (Dow, 2002, 331). Whether acknowledged or not, the future of economics depends on the past, which may serve as a muse for new ideas or provide a wealth of old ones, formerly abandoned, perhaps on ideological grounds (Landreth and Colander, 2002, 12). The history of thought points to the rudder that steers the course of the profession (Brue, 2000, 9) and to the substance and grit of those ideas that endure (Ekelund and Hebert, 1997, 4).

If indeed historians of economic thought are the “bearers of tradition” and thereby charged with the task of preserving the contributions and declarations of various paradigms throughout the history of the discipline (Landreth and Colander, 2002, 13), then certainly heterodox economics warrants clarity and further examination. The study of heterodoxy even in its contemporary state should be considered fair game for the scrutiny of historians of economic thought for, “...from the instant that a passage of economic doctrine is written, it becomes a potential subject for the study of the history of thought” (Donald Walker as quoted in Llodewijks, 1995, 134). Study of and relation to current doctrine could as well serve as a healthy addition to the domain of the history of economic thought, especially with respect to the reasoning behind the rise and either success or demise of sub-disciplines within economics (Llodewijks, 1995, 139). Historians of economic thought therefore stand in a unique position and play a distinctive role in the analysis, documentation, and canonization of current discourse in the economic annals. Furthermore, historians of thought should be best equipped to relate the modern position of the heterodox paradigm as it will

fall to these economists to record the genesis, progress, and potential demise or triumph of what the current heterodox economics program.

Economic thought and its history are part of the ethnographic record and therefore play an important role in the understanding of historical context and change within and without the discipline. Moreover, contemporary theory is undeniably shaped by historical perspective and social context (Cole, et al, 1991, 12). As such, the examination of methodology is part and parcel of the historian's task. It is therefore imperative that the scope of the history of economic thought and methodology include a study of various types of approaches to the discipline. The articulation of heterodox economics, particularly upon reflection of the growing calls for reform, would seem a necessary undertaking for the historian of economic thought.

As history unfolds and time progresses, the scholarship of the history of economic thought should accelerate along with the growth of general knowledge. In this regard, scholars should find falling transaction costs as that knowledge becomes more widely disseminated at first through journal articles, books, and finally textbooks. The time lag between the informal discussions of scholars and the physical publications of such arguments may obfuscate the discovery of existing consensus or discord. Surveying historians of economic thought then becomes imperative in the search for clarification of the heterodox tradition. Waiting for history to unfold in the standard doctrinal fashion delays the revealing of the nature of the heterodoxy, and thus would seem to impede their mission of reform of the mainstream.

The survey is important not only because it will increase the database beyond what appears in text, but also because it provides access to current views of the historians of economic thought on heterodox economics. The documentation of recent economic thought also necessitates a historical recording that moves out of the traditional bounds of the 'great man' and 'great books' approach as the development of current economic thought quite clearly has been shaped and crafted more by institutional bounds than by the weight of great ideas alone. Sources of funding, institutional and journal hierarchy, the doctrinal inbreeding of the 'inner circle' top schools, and insulated communication networks are now a necessary component of any historical analysis of recent economic thought (Llodewijks, 1995, 137). These intricacies of the economics profession reveal themselves more directly and more readily through discourse; directly questioning and conversing with historians of economic thought should provide immediate and forthright answers to the inquiry on the nature of the heterodox tradition and skirt the lengthy research-publication process.

Surveying historians of economic thought in an attempt to gain insight into the position and definition of the heterodoxy provides the perfect avenue for a fresh approach to historical analysis. "In addition to the (traditional) literary exegesis and archival methods (historians of thought) must rely on interviewing, surveying, and bibliometric methods" (Colander as quoted by Llodewijks, 1995, 134-5). Indeed, recent history supplies the researcher with the unique opportunity to converse with his subjects (Llodewijks, 1995, 135).

Survey Construction

Dillman's Total Design Method (TDM) was employed in the construction and dissemination of the survey instrument. This method was selected based on its typical response rate, which exceeds those of previously applied survey methodologies (Dillman, 1978, 21). The TDM suggests that in order to maximize survey response, the respondent must trust the researcher that the benefits from answering the survey must outweigh the costs (Dillman, 1978, 12-3), thus it was important to construct a survey that historians of economic thought would perceive as contributing to the field. Preliminary testing of the survey constitutes an integral part of the survey design process (Dillman, 1978, 157) and as such, initial testing of the survey solicited the critique of historians of economic thought through personal interviews and in-depth discussion of the survey instrument.

Testing of the survey was conducted at the 2003 History of Economics Society Annual Meeting held in Durham, North Carolina. The conference was selected as it was deemed the most cost effective and convenient option for conducting the personal interviews. Likewise, the conference would allow interviewees to select interview appointments prior to the conference within the established conference schedule.

Potential participants were purposively selected from the sampling frame provided through the preliminary program listing of conference participants. Potential interviewees were selected based on their research, ideology, and personal demographics, such as age in an effort to poll a variety of perspectives. Potential participants were subsequently contacted once via email to solicit

participation (Appendix A). All professors who were contacted agreed to be interviewed. Interviews were conducted using a preliminary draft of the survey instrument at the times and places most convenient for the participant during the conference and lasted from an hour to two hours in duration, depending on the preferences of the interview participant. All interviews were recorded so that full responses were available for later reference.

The historians of economic thought that were interviewed were all professors from universities of various sizes. These professors teach or have taught a variety of courses within the field of economic thought, ranging from the standard survey courses, to a variety of interdisciplinary courses, to courses that focus on specific time periods. Those professors for whom history of economic thought is not a primary field nonetheless taught other economics classes either from a historical context or classes closely related to economic thought, such as economic methodology.

Each professor was asked if he or she spent time in any of their classes discussing heterodox economics. This question appeared early in the interview in an effort to uncover a loose definition of what heterodox means. Most of the professors qualified their responses by stating that what is meant by the term heterodoxy is not clear and/or that strictly speaking, heterodoxy may only be defined within a specific historical timeframe. Given the qualification of responses, the survey question was changed from heterodox to dissent from the orthodoxy. The time spent in a discussion of these ideas ran from 25% of the

time to “very little.” As one professor stated “(The students received) an appreciation of heterodoxy and attention to orthodoxy.”

The professors were then asked what qualities or characteristics qualify a group or an individual as heterodox. Answers varied widely and by significant degree. The most flexible requisites of heterodox economics included the self-identification principle; that in order to be heterodox, one must consider one’s self or work to be heterodox. Others stated that to be heterodox means that one is critical of some aspect or aspects of neoclassical or mainstream theory, such as rationality, optimization, or competition; or of mainstream politics. Some, it was pointed out, reject these aspects in their entirety; others only partially reject or object to a particular tenet of the mainstream. More stringent requirements for heterodoxy were also revealed as in the statement, “(Heterodox economics) is different and in conflict with what is thought of as the mainstream orthodoxy...” In this light, heterodox economists *oppose* mainstream approaches; they are not simply critical of them. Still stricter definitions emerged, such as the requirement that heterodox group must consist of a collection of individuals (i.e., an individual is not “heterodox”) that offers a systematic and organized theoretical substitute to the mainstream. Criticism then would not be enough to classify a group as heterodox, that group must also present an alternative theory. Using a more rigid definition of heterodox economics, another professor stated that, “Heterodox are the people who reject the core theoretical framework of neoclassical theory.” To this end, the question of heterodoxy is a question of theory, the professor continued, and “Policy does not make a heterodox economist. Political

persuasion does not make a heterodox economist. You're dealing with an issue of theory." It would seem that opinions vary significantly regarding what constitutes a heterodox group or economist and range not only by degree, but by requirement and issue as well. This survey question was consequently split into two questions. The first asked about the degree dissent, e.g. substantial dissent, disagreement with, or different from orthodoxy, while the second asked specifically what qualifies a group as heterodox, listing differences in scope, method, theory, and ideology as well as specific tenets of the mainstream that might be rejected.

When asked which groups should be considered heterodox, the professors agreed upon certain groups but disagreed about most. The group mentioned most frequently and without contention as heterodox was the Original Institutionalist group followed by Social Economics. The Post Keynesians were a popular response as well, although, one professor listed American Post Keynesians specifically. The radicals and Marxists mentioned both singularly and together, were deemed by most to be heterodox, although two professors qualified their answers by stating that certain strains of Marxist thought were heterodox. Another expressed uncertainty as to whether Marxian economic thought could be considered heterodox at all. There appeared a few one-time honorable mentions, such as the feminists, Gandian economics, and evolutionary economics, which although were only listed once, were not subjects of contention. Behavioral economics was mentioned as well, although another

professor stated that the implications of the work of this group were what could be considered heterodox.

One professor made it a point to state that there were several “bridge” groups and “borderline” groups that were neither truly heterodox nor orthodox. Bridge groups consisted of economists thought to “water down” both the orthodox and heterodox traditions until the differences between them become so blurred as to be virtually indistinct. Groups included under the classification of bridge group included evolutionary game theorists and experimental economists. Borderline groups, it was suggested, maintain their mainstream identity for professional purposes but have co-opted or adopted many heterodox ideas. The new monetary economics, environmental economics, and ecological economics were posited to be examples of borderline groups. Although only one professor specifically outlined this subset of economists, this delineation would seem to reflect the trend in the literature that distinguishes between the heterodox, the not-so-heterodox-but-not-really-orthodox, and the orthodox groups. All of the groups listed were compared to those found in the secondary literature and together built the comprehensive list of groups that appeared in the question asking if any groups listed could be considered heterodox.

The two groups about which the most conflicting answers centered were the Austrians and the New Institutionalists. Most of the professors stated that the New Institutionalist group was not heterodox, although one professor stated they were and another sidestepped the issue by stating that it was a difficult call. The Austrians, however, were by far the most contentious. The majority of the

professors stated that the Austrians were heterodox, but hedged this classification with qualifiers such as “probably,” “certain Austrians” are heterodox, and yes, but Austrians are an “outlier.” Another professor stated that his position was perhaps more extreme than most, but that he considered Austrian economics to be “straight neoclassical” and hence, not heterodox. There is certainly a lack of consensus on this issue that is not unexpected given the variety of responses for what qualifies a group as heterodox. Given that the definition of heterodox is not clear, it would seem inevitable that which groups could be considered heterodox would be uncertain as well. One professor surmises the situation best with his statement about the Austrians, “From my standpoint, they’re mainstream, but they consider themselves, in terms of some of their fundamental doctrines, left out and therefore heterodox.” Those groups that were mentioned most frequently and those around whom centered much confusion were selected for further in depth questioning regarding the nature of their respective research programs. The exception is that of Social Economics, which was not selected for deeper questioning based on secondary research that suggested close similarity to the Original Institutionalist group.

Building upon the literature and the few previous attempts to build a classification system for non-orthodox points of view, the question was asked if within economic heterodoxy there existed a continuum of more heterodox and less heterodox groups, a threshold that once an economist crosses, he/she may be considered heterodox, or if there existed some other way to describe the relationship of these heterodox groups to one another as well as to the

orthodoxy. The answers once again, differed widely from one another as well as from the secondary literature with no single point of view claiming the majority. In fact, an equal number of professors thought that heterodoxy could be described as either a continuum of more to less heterodox, as a threshold point that clearly demarcates the orthodox and heterodox camps, or thought the question was not an important one. Those who suggested that the continuum was a useful description seemed to believe the distinction between heterodox and orthodox contains a boundary that is dynamic, blurry, and increasing in size and therefore cannot be described with “bright line divisions.” A partial reconciliation between these two ideas was posited by a professor who stated, “I think there is a threshold where people are clearly heterodox. There is a set of assumptions that differentiates them, though within heterodoxy there of course, is a spectrum of positions.” Another professor suggested the ven diagram as a possible illustration between the orthodox and heterodox camps, where an area of overlap exists between the two that cannot usefully be described as a continuum or a threshold. It would appear that describing the relationship between the orthodox and heterodox camps is as difficult and without consensus as defining heterodox economics itself. The interviewees’ responses to this question were used to construct the answer set to the question as well as reshape the survey question to ask what “describes the current boundary between heterodoxy and orthodoxy in economics.” Furthermore, immediately following the question regarding the boundary, a question was added to the survey that asked what separates

heterodoxy from the orthodoxy and listed elements of scope, method, theory, and ideology in the answer set.

The remaining questions were asked in an attempt to understand the current nature and position of the heterodoxy as a whole within economics, along with its weaknesses, strengths, and prospects for the future. When asked about the current state of heterodox economics, a variety of answers followed all with a grim tone. Most professor spoke of the “pushing out” of heterodox economists from academic positions, policy advisement positions, or the eradication of entire heterodox departments. The reasons cited all centered on the concentration of power in the mainstream. If one cannot get published in the “right”, that is mainstream, journals then one is in professional danger. As one professor put it, “Academia is driven by what Smith and Veblen called status emulation... (In order to be published in mainstream journals) you have to say purple is green...and here is the equation to prove it.” There did appear some glimmers of hope among the dark depictions of the current state of heterodox economics. The vitality of heterodox economics and the increased feeling of community among its denizens would seem to put a positive spin on the condition of the marginalized, despite the fact that their increased lively interchange could be taking place while standing in the unemployment line. The variation in response resulted in the addition of a question that asked specifically how respondents would describe relations between orthodox and heterodox economists.

The weaknesses as cited by the professors varied but did not conflict. The three remarks that appeared more than once were the rigidity of the

heterodoxy, the staleness of their work, and the continued marginalization by the mainstream. With respect to rigidity, the heterodox camp, it was cited could, at least by some, be too intolerant of dissent from the dissent. Another professor cited an example of this closing off to different techniques in the dogmatic anti-mathematics stance taken by some heterodox economists. The heterodox tendency to simply rehash old arguments and rekindle old resentments was alluded to by a few of the professors. Some heterodox economists it would seem are stuck: stuck in the past and in the examination of how they lost power; stuck in an intellectual rut where they “rehearse old ideas” instead of extending or creating new work; stuck in the “old-fashioned critiques” of mainstream theory, unaware of the new developments within the orthodoxy. This, it was suggested has lent to the stagnation of heterodox economics and their ability to successfully and enduringly penetrate the mainstream. This observation relates to the statement of another professor who sees the quality of current heterodox work as part of the problem. The professional ostracization of the heterodox by the mainstream was the third most often discussed weakness. The professional vulnerability, the exclusion from the “right” journals, the homogenization of economics departments across the country, and the inability to attract the brightest minds into heterodox graduate schools were among the examples used to illustrate the damage done to the heterodox tradition. Membership in “heterodox” associations was also mentioned more than once as a weakness, with membership essentially treading water, not sinking or swimming.

When asked what strengths the heterodox movement has on its side, the answers varied, some more optimistic than others, but all responses appeared tepid. The most often cited strength was that at least some of the heterodox scholars have survived and still have interesting things to say: "The fact that some of us are still alive and kicking. That some of us have jobs...that we're active, that we have a lot of interesting things to say." Others stated that there are still a number of people willing to call them selves and/or associate with heterodox economists, and that a few, certainly not all, heterodox groups have managed to prosper. One professor speculated that, although not a strength of heterodoxy per se, but definitely a mark in their favor is the movement within academia writ large away from a "grand theory." Additionally, strengths were cited in the ability of heterodox economics to explain or contribute to areas in which the mainstream has faltered, such as with the emerging economies, among business people, and with government officials, even if the policy influence is not overtly recognized or referred to as heterodox. One professor asked a question that surmises the difficulty in this type of assessment when he asked, "What is the test of success?" The responses to the weakness and strength question in conjunction with the variation of responses to the question of the current state of heterodox economics together inspired the construction of the survey question regarding the future of the heterodox program.

As the conversations continued, the professors were asked if there were anything occurring in the world today, on a national or global scale that might cause a resurgence or incorporation of heterodox ideas into the mainstream.

The answers appeared both external and internal to the economics profession. The most frequently mentioned external event in very general terms is the recognized failings of mainstream theory to predict, assist, or implement successful policy. The variety of responses in this regard were wide ranging and consisted of references to the implications of policy failures in the transitioning and developing economies, the unprecedented exposure of corporate scandals, and the growing awareness on the part of the public of the plutocratic nature of the current geo-political environment. One professor speculated that it would take a massive social problem on the scale of the Great Depression for heterodox economics to obtain a hearing, and it would appear that others agree and potentially see such an upheaval on the horizon. Insight into future events internal to the discipline include the transformation of the mainstream into a more eclectic body of thought, subsuming heterodox ideas in an almost imperialist fashion, which would act to strengthen the orthodoxy as well as weaken the heterodoxy. Contrary to this speculation, another professor saw hope in the growing movement in Europe on the part of students demanding a more pluralistic presentation of economics. Another professor observed that heterodox economists have displayed tenacity despite their continued marginalization by the mainstream, speculating that there really is not much more that the orthodoxy can do to further marginalize them. After discussion with the respondents at the end of the interview, this question was deemed far too open to include in the survey with a closed answer set.

The last question asked of the interview participants was whether any question should be reworded or removed, if any question of interest had been excluded, and if any general suggestions could be offered. All the interviewees responded positively to the research project as a whole. The only suggestion proposed was the rewording of the strength/weakness questions for the sake of clarity. The questions were consequently changed to list those five groups who were selected for deeper questioning with a drop down menu beside each group that offered the survey respondent a choice of one of eight characteristics. These eight characteristics were presented for both the strength and the weakness question. The interviewees were asked if a final version of the survey could be sent to them via email for final suggestions for revisions. All respondents stated yes. The only subsequent revisions suggested and thereafter taken were grammatical or rhetorical in nature and did not focus upon the actual content of the survey questions.

Survey Design

Sampling

The sampling frame for the administration of the survey included the membership lists from five History of Economic Thought Associations: Dutch-Flemish Society for the History of Economic Thought (DFSHET), European Society for the History of Economic Thought (ESHES), History of Economic Thought Society of Australia (HETSA), History of Economics Society (HES), and Japanese Society for the History of Economic Thought (JSHET). The

associations were selected based on the central premise of the organization and their specialization in the history of economic thought. History of economics associations were not included as the focus of such groups is not on the history of economic thought per se, but rather on the history of economic systems. This sampling frame was preferred because of the likelihood of history of economic thought professors possessing membership to at least one, if not more than one of these groups. Additionally, the purpose of this research is to gather information about heterodox economics from a global perspective. This objective is facilitated by the inclusion of organizations, four out of the five of which are headquartered outside of the United States.

Selection from this composite sampling frame consisted of a simple random sample process. Random numbers were generated for four out of the five associations (DFSHET, ESHES, HETSA, HES) and 40 percent of the names on each membership list were drawn. Each membership list was thus treated as a separate sampling frame in an effort to elicit the same representation from each association. If a potential participant was a member of multiple associations, repeated appearances of his/her name were not eliminated, however, after a name was selected once, subsequent drawings of the same name were discarded and a replacement name was drawn. A conservative estimate of fifty-seven percent response rate would predict a return of 155 useable surveys. As previously stated, the non-response bias was assessed through the employment of the Dillman TDM that polled all potential participants who did not elect to participate.

The president of the JSJET declined to provide a membership list from which to sample, but graciously offered to forward the letter of request to participate in the survey to the association's entire membership list. While this method of sampling was inconsistent with that employed with the remaining four associations, it would seem more comprehensive as the entire population was sampled. The odds of sending two survey letters to the same person were increased as names could not be discarded from the remaining sampling frames if the JSJET sent a survey to a member, however, this was not perceived to introduce significant bias as the letter sent to the JSJET requested the member decline the offer to participate if he/she had previously received an email requesting participation. The letter of participation request was emailed to the JSJET president on October twenty-eighth, 2003; however, the date the letter was subsequently forwarded is unknown.

Survey Administration

The survey instrument, after the initial testing, was further constructed and refined based on the interviews at the History of Economics Society conference. Dissemination of the survey transpired via email. Potential participants received the cover letter (Appendix C) in the email requesting their participation and were provided a link to the informed consent (Appendix D) on the initial web page of the survey. Consent to participate was affirmed by the participant clicking on the survey link provided at the end of the informed consent that immediately connected the participant to the survey in web form (Appendix H). Beneath the link to the survey was another link that provided more information about the

researchers, which included the curriculum vitas of the researcher and the researcher's advisor as well as the abstract to the dissertation.

After clicking on the survey link at the bottom of the informed consent page, the participant could then use the computer to fill out the survey in its entirety and upon completion, click on the submit button at the end of the survey to send the responses directly to the researcher. This method of internet survey was deemed best after consideration of the audience, specifically that the sampling frame consisted of professionals, most of whom would be professors, with access to computers and email accounts. Given the increasing pressure within higher education to communicate with students and with administration via email, an internet survey would seem to be an accessible, familiar, easy, and with the exception of time, costless method for potential participants to respond.

The Dillman TDM was employed in order to obtain as many responses as possible. This survey technique suggests that after the initial dissemination of the survey, that the research "follows-up" on any non-response with three subsequent mailings, the first two requesting response to the survey, the last requesting the recipient answer a short series of questions in order to assess any non-response bias. The first emailing occurred October twenty-eighth to the DFSHET, HETSA, and HES. The ESHES surveys were not emailed at this date due to a delay in the transmission of the membership list. A significant problem in the transmission of the completed survey was discovered after this first round of surveys was sent. The problem was remedied and the new surveys were sent, along with the first request for participation for the ESHES on November

eleventh. Follow-up emails containing letters requesting participation were subsequently sent on December second (Appendix E), three weeks after the November eleventh emailing to make certain no further technical difficulties would be encountered and again on December sixteenth (Appendix F), two weeks after the first follow-up emailing, to non-respondents only. On February twenty-fourth, all remaining non-respondents were sent a simple questionnaire consisting of three questions which respondents could select either strongly agree, agree, neutral, disagree, or strongly disagree, within the text of the email (Appendix G). The participant could submit his/her answers by replying to the email without navigating to an outside web page. The delay between the second follow-up request (December sixteenth) and the non-response request (February twenty-fourth) was designed to avoid the collegiate semester break and the beginning of the spring academic semester as these times seemed less likely for potential participants to either complete the survey or respond to the three non-response questions.

Technical Difficulties

The problem discovered after the dissemination of the first survey involved the transmission of the data after the respondent had submitted his/her answers. Between the time of the first emailing and the fixing of the technical problem, thirty-six unusable surveys were received: five from DFSHET, five from HETSA, and twenty-six from HES. Random numbers were once again generated for each sampling frame based on the number of unusable surveys returned from each. If the name of a respondent who had returned an unusable survey was

drawn, his/her name was not discarded and he/she was sent a letter explaining the technical difficulty and requesting the respondent to fill out the survey again. To compensate for respondents who declined to fill out the survey a second time, an additional name from the respective sampling frame was also drawn.

No resurvey names were drawn from either DFSHET or from HETSA, therefore only five additional surveys were sent to randomly selected members from each. Of the twenty-six names drawn from the HES sampling frame, nine previously surveyed names were drawn. This resulted in a total of thirty-five additional surveys: twenty-six to replace the unusable surveys plus an extra survey for each of the nine respondents who were resurveyed.

Survey Description and Question Design

The survey instrument opened with a two-sentence paragraph explaining the purpose of the survey. The next paragraph listed instructions for the participant regarding how to complete the survey and then submit his/her answers. The survey questions themselves were organized into four ordered sections, although these sections were not demarcated within the survey instrument itself. The survey was constructed according to four principles of question ordering as delineated by the TDM of survey administration which is based on Dillman's theory of response behavior (Dillman, 1978, 33). These principles dictate that any mail (or email) survey must present an ordered and logical flow of questions in order to encourage the completion of the survey in its entirety. Questions, for instance, should be grouped according to similarity of subject matter. The groupings of questions should then be placed in an order

that maintains a logical continuity as a respondent moves through the survey. Within and among these groupings, questions should likewise be arranged in descending order of social importance and ascending order of inflammability based on the respondents' perceptions of each (Dillman, 1978, 123-5). The application of these four principles to the ordering of questions within the survey instrument: grouping, continuity, social importance, and inflammability, are suggested to increase response rate by essentially engaging the respondent with the first questions and causing the respondent to then become invested in answering the remainder of the survey (Dillman, 1978, 123).

The first two questions of the survey were questions of basic behavior, such as the type of History of Economic Thought classes taught and the amount of time spent in those classes discussing heterodox ideas. By opening with questions of a non-personal and therefore less sensitive nature that request information instead of opinion or attitude (Dillman, 1978, 85), respondents are more likely to continue answering the questionnaire (Dillman, 1978, 128). The first portion of the survey was thus designed to present easily understood, attitudinally neutral, and broadly applicable questions in an effort to make the decision to begin the survey easy and therefore invest the respondent in answering and completing the remainder of the survey questionnaire (Dillman, 1978, 128).

The survey then continues with questions (the third question through the eighteenth) regarding the participants' attitudes towards and opinions of the nature and then state of modern heterodox economics. This section of the

survey was designed with three sequential goals in mind: to uncover what “heterodox” and “orthodox” means in the generic sense of the word, to understand what separates heterodox and orthodox economics, and to evaluate the status of the modern heterodox program. Questions were thus grouped according to these three goals, although the groupings were not delineated within the text of the physical survey. The sequence of the appearance of these groupings – what is meant by the terms orthodox and heterodox, followed by what separates heterodox from orthodox, and lastly, the current status of heterodoxy – present the most important questions to the research, and thus the more socially important questions first. The questions ascend in sensitivity leaving evaluative questions at the end of the grouping.

The questions three through seven asked what defines the terms heterodoxy and orthodoxy by asking what is required for an economist to be considered heterodox (question four), what characteristics qualify a group of thought as heterodox (question five), and in a separate question, what characteristics qualify a group as orthodox (question three). Regarding the nature of heterodox economics, questions six and seven asked for an assessment of the heterodoxy and orthodoxy of different groups of thought. Question six listed seventeen groups of thought and asked whether each could be considered heterodox, not heterodox, somewhere in between, or unknown. Question seven asked about the degree of heterodoxy and orthodoxy of eight specific groups of thought that were chosen based upon a review of the secondary literature. This mixture of potentially heterodox and orthodox groups

was presented in the hopes of determining whether a continuum of heterodoxy exists.

The next grouping of questions regarding the attitudes towards and opinions of heterodox economics consisted of six questions (questions eight through thirteen) that inquired about the boundary between orthodoxy and heterodoxy. Question eight asked for a description of the bounds of orthodox economics and was followed by question nine that asked for a description of the boundary, if one should exist, between orthodox and heterodox economics. Question ten asked what if anything then separates orthodox economics from heterodoxy. The final three questions (questions eleven through thirteen) of this grouping inquired about economists working in either the heterodox or orthodox traditions. Respondents were first asked to characterize through a checklist the relations between orthodox and heterodox economists. Questions twelve and thirteen asked if heterodox and orthodox economists are committed to a particular political ideology.

The remaining five attitudinal and opinion questions (questions fourteen through eighteen) asked respondents to evaluate the modern heterodox program. The first question of this grouping, question fourteen, asked for an assessment of eight groups of thought or methodology – a mixture of both orthodox and heterodox groups – on the issue of the coherency of their respective programs of study. The secondary literature often identifies heterodox research programs as incoherent or less coherent than their orthodox counterparts, thus the question was asked for the purposes of comparison. The

following two questions, fifteen and sixteen asked for an assessment of the greatest strength and greatest weakness of five potentially heterodox programs. Respondents were presented with eight choices: clarity, coherency, policy influence, political ideology, research money, research program, acceptance by the mainstream, and not certain. The final two questions within this grouping, questions seventeen and eighteen asked respondents what they perceived to be the current status of the general heterodox economics tradition in the United States, and their perception of what the heterodoxy's position within the discipline might be in the future.

The most personal questions were placed at the end of the survey. These questions began with inquiries regarding the respondents' professional self-assessment, such as whether he/she considered him/herself as heterodox (question nineteen) and to what History of Economic Thought associations did the respondent belong (question twenty-four). Within this section, respondents were also asked in question twenty-two to describe the nature of heterodox economics in their own words. Basic demographic questions regarding the respondents' teaching status (questions twenty-six and twenty-seven), country of citizenship (question thirty), and educational information (questions twenty-eight, twenty-nine, and thirty-one) wrapped up the survey. Space was also provided at the end of the survey to allow respondents to voice any suggestions for improvement or additional comments of any sort. Respondents were thanked for their time and expertise as well as provided contact information via email and

phone in the event of any questions, concerns, or problems encountered with the survey.

Data Analysis and Data Issues

The survey primarily employed a combination of ordinal and nominal levels of measurement in an effort to minimize the amount of time required to complete the survey and to facilitate the survey's administration via the web form. Those questions that employed ordinal levels of measurement included questions that asked participants to select from a range of responses in ranked order. The difference between choices was thus discontinuous and did not offer differences in degree, but rather simply differences in rank. The question on the survey that asked participants to describe the research program of various groups – from very coherent to incoherent – presents an example of ordinal measurement. Questions that asked participants to select from a variety of descriptors contained nominal levels of measurement. Nominal values consist simply of attributes without implying a measure of distance or rank between the choices. The questions that asked respondents to name the greatest strength and greatest weakness of several groups of thought present examples of questions using nominal values. Most of the questions in the survey instrument used nominal value measurement. Given the purpose of the survey – to uncover a description of heterodox economics – nominal levels of measurement appeared to offer the best method of analysis and best opportunity to extract the desired information.

Multiple measures were used in order to adequately assess the attitudes of respondents in that portion of the survey and to strengthen internal validity of measurement. Since a survey of this ilk has not previously been performed or at least reported in the literature, the criterion validity of the survey instrument and specifically, its attempts at measurement could not be compared to previous work. The issues of face and content validity were addressed during the testing phase of the research project through the interviewing process where participants' feedback directed variable measurement, specifically that the full content of the definition of the modern heterodox movement was addressed within the survey instrument.

Issues in the validity of research design were attended to through the randomization of the sample selections. While the interview process used a purposive, non-random sample, its purpose was not to elicit high external validity, but rather for depth of analysis and initial testing of the survey instrument. The emailed administration of the survey employed a simple random sample technique for potential participant selection in an effort to control for bias. Selection of the sampling frame was predicated on the supposition that the majority of the population, history of economic thought professors, belongs to one of the major disciplinary professional associations. Potential for bias does exist, as those professors who do not belong to one of the associations sampled would not have an opportunity for selection to participate. Additional selection bias exists as academicians constitute typical membership in one of the disciplinary associations, thereby potentially excluding professional economists,

undergraduates, and perhaps graduate students. Since the majority of history of economic thought publications emanated from historians of economic thought in academic positions, this issue of bias appeared minimal. The selection of the sampling frame was also predicated with the goal of high external validity of research design – agreement, or lack thereof, on the nature and state of modern heterodoxy may be generalized to the population of historians of economic thought. Generalizability of agreement may exist as well that would imply the results of this research endeavor have meaning for other economists interested in the methodological issues of the discipline.

CHAPTER 11: SURVEY FINDINGS

The following survey responses were gathered from the Internet survey disseminated in the fall of 2003. Potential participants were selected via a random sampling from five history of economic thought associations: Dutch-Flemish Society for the History of Economic Thought, European Society for the History of Economic Thought, History of Economic Thought Society of Australia, and History of Economics Society. The entire membership list for the Japanese Society for the History of Economic Thought was also presented with an opportunity to participate as well. Questions from the survey were grouped into the following categories: description of participants, generalizations of heterodox economics, the relationship between orthodoxy and heterodoxy, and the current status and future of heterodox economics.

Participant Description

The survey opens with two questions designed to gather a general description of the respondents, specifically, what they teach and whether any time within their classes is dedicated to discussion of heterodox ideas, economists, or groups (Table 11.1). Of the respondents 65 percent taught or have taught a history of economic thought class in the past ten years, followed by 27 percent who teach or have taught a Recent/Modern Thought class. Twenty-five percent have taught methodology. Groups are not mutually exclusive of one another as respondents were asked to check all categories that apply.

Altogether, three-quarters (75 percent) of the historians of economic thought who responded to the survey, have taught History of Economic Thought, Recent/Modern Thought, or Methodology in the past ten years. Given that so many of the respondents have a background in not only the history of thought, but in current economic thought and methodology, the survey participants would seem well-qualified to offer an opinion on the nature of the current heterodox economics program. It would furthermore seem that the articulation of heterodox economics would be the responsibility of historians of thought as argued in the previous chapter (chapter ten). Moreover, those who teach the history of economic thought, both historical and current, and methodology must be held accountable for understanding and being able to articulate to their students the gestalt of heterodox economics if not the specific details of the groups of thought therein.

HET	65%
Recent/Modern	27%
Methodology	25%
Have not taught - 10 yrs	19%
Evolution	15%
Pre-Classical	10%
Comparative	6%
Do not teach	5%
No longer teach	5%

A large majority of the respondents, 81 percent, claimed to have spent some time discussing heterodox ideas in the classroom within any of the courses listed above, dedicating an average of 3.84 class hours per class offering (Table 11.2). It would thus appear that the majority of historians of economic thought maintain at least some loose conceptualization of the nature of heterodox economics,

enough of a conceptualization to recognize heterodox economics, despite the lack of consensus and clarity in the scholarly literature. Moreover, it would appear that the participant professors perceive heterodox thought important enough to dedicate on average of over a week's worth of classroom time to the discussion of its contributions, thus adding impetus to the responsibility of the historian of economic thought as discussed in chapters one and ten.

Table 11.2: Discussion of Heterodoxy in the Classroom	
# of respondents	81
# who include heterodoxy	66
Percentage	81%
Avg. # of hours heterodoxy discussed	3.84

Defining Heterodox and Orthodox

The goal of the following group of questions was to determine if the respondents exhibit coherent consensus with respect to the conceptualization of “heterodox” economics. Questions three through five asked for generalizations and qualifications of the use of the two terms by asking which groups of thought or methodologies appear emblematic of orthodoxy, what it means to be a heterodox economist, and what qualifies a group as heterodox. Questions six and seven asked respondents to assess a mixture of different groups for consideration as “heterodox” and for degrees of heterodoxy or orthodoxy. It is hoped that a general depiction of the heterodoxy and a sketching of orthodox economics by which it might be juxtaposed will reveal defining characteristics of not only the heterodox research program, but that of its constituent parts as well.

Generalizations and Qualifications

The first question of this section, question three on the survey, was designed to reveal a generalization of orthodox economics. Respondents were asked to describe orthodox or mainstream economics by choosing as many of the seven different descriptors as he/she believed applied (Figure 11.1). These descriptors included groups of thought, methodologies, and political ideologies that the literature often associated with or used to exemplify mainstream economics. The two highest percentages of responses were for neoclassical economics (90 percent) and Walrasian general equilibrium economics (88 percent), followed by Chicago economics at 78 percent. It would thus appear that the majority of the selected and responding historians of thought believe that the mainstream is most easily identified via distinct groups of thought as opposed to methodologies or ideologies. Although falling well below the number of responses received by the groups of thought, the methodologies of econometrics and formalism still captured over a third of the responses: econometrics with 44 percent, and formalized economics with 37 percent, indicating some attachment of approach to orthodox economics apart from a specific group of thought. Political ideologies, both the classical liberal and the pro-capitalist ideologies ranked at the bottom of the descriptors; however, it should be noted that the classical liberal ideology was identified by over a third (36 percent) of respondents as characteristic of the mainstream. This would seem to be a significant discovery in light of the many groups that do not sort easily into either the orthodox or heterodox camp. As explored in the Austrian (chapter four), NIE

(chapter six), Public Choice (chapter nine) discussions, there would appear to be a correlation between questionable heterodoxy and perceived pro-market ideologies. Only one respondent claimed that no orthodoxy exists, indicating the possibility of defining a recognizable doctrinal body of work labeled orthodox.

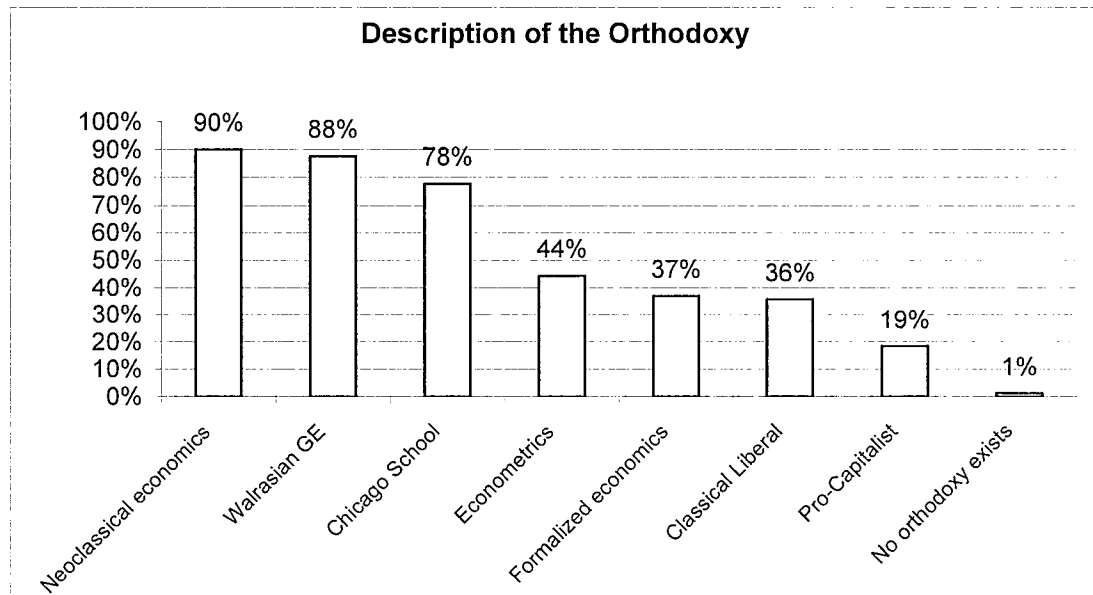


Figure 11.1

Respondents were asked in question four to comment on what it means to be heterodox by selecting (all that applied) among seven choices describing degrees of dissent from orthodox economics (Figure 11.2). This question was asked in an attempt to discover if a requisite critical mass of dissent must exist before the term heterodox may be invoked. It would appear from the rankings of the most frequently checked choices that a “significant” level of criticism and/or rejection of orthodox tenets is/are required: 70 percent of respondents stated that to be a heterodox economist required “*substantial* dissent from the orthodoxy” (as appeared in survey). This was followed by 47 percent who claimed that heterodoxy required “rejection of orthodoxy.” Around one-third of

respondents, 36 percent and 30 percent respectively, used less stringent criteria by suggesting that heterodoxy requires disagreement or difference with orthodoxy. Interestingly, 27 percent of respondents stated that “rejection by orthodoxy” characterizes the heterodox economist. This would seem to introduce a sociological criterion to the determination of heterodoxy. Additionally, only 7 percent of respondents considered the term heterodox meaningless. This would seem to suggest that perhaps not only does heterodox economics exist, but that there is also some unstated yet recognized critical mass of “substantial” dissent that is required before a group may lay claim to the title of heterodox.

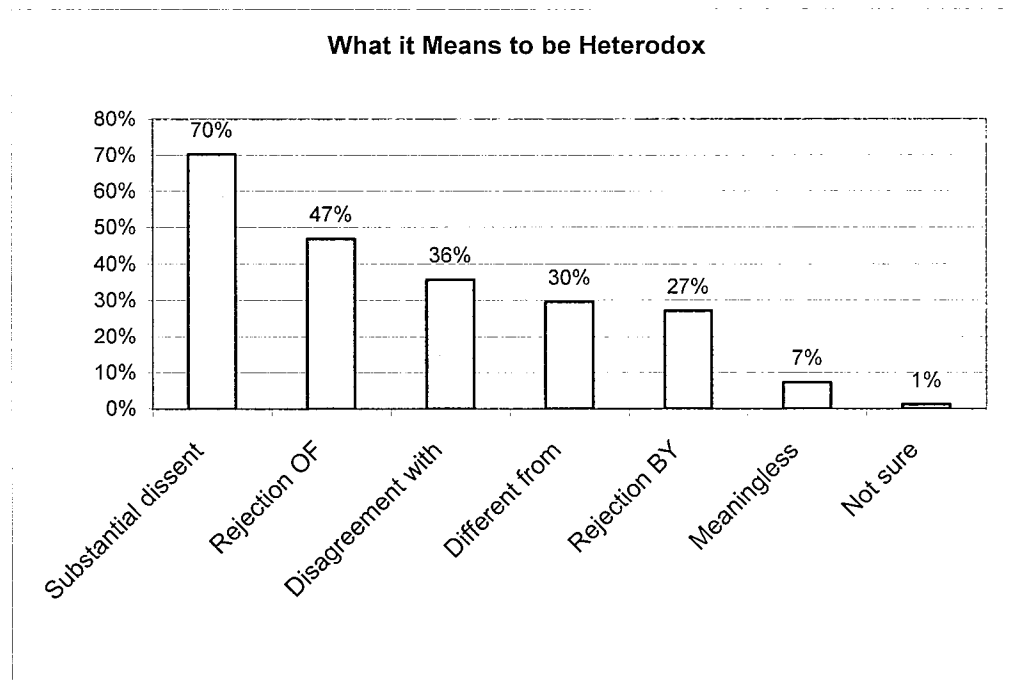


Figure 11.2

When asked what qualifies a group as heterodox (Figure 11.3) in question five, respondents were allowed to choose as many descriptors as desired. These qualifiers included a range of choices regarding differences between

heterodox and orthodox, descriptions of heterodox approaches, and rejection of facets of the orthodox program. By far the greatest percentage of responses appeared with respect to differences. For instance, differences in theory, methodology, and research agenda ranked highest among respondents: 74 percent, 73 percent, and 63 percent respectively. This would seem to reinforce the above findings of question four that heterodoxy should include substantial dissent. While these responses do not imply that heterodox groups of thought share a *common* theory, method, or research agenda it would seem to imply that heterodox economic consists of more than a collection of criticisms of the orthodoxy. Even if a common vision were not shared among groups, these findings would seem to suggest there exist disciplinary alternatives that are substantially different from the orthodoxy.

With respect to the alternative methodology of heterodox economics to that of the mainstream, around half of the respondents (48 percent) considered a historical, cultural approach an identifying characteristic of heterodox economics. Likewise, 35 percent of respondents associated an interdisciplinary approach with that of the heterodoxy. Less agreement would thus seem to consist in the specific nature of these differences from the orthodox theory, method, and research agenda.

Between these two descriptions of heterodox methodology appeared general criticisms of the mainstream (40 percent) and the rejection of the assumption of rationality (37 percent). The rankings of these two responses

suggest an opposition to the orthodoxy and would seem to reinforce the earlier heterodox qualification of substantial dissent rather.

The observation that heterodoxy entails more than just criticism of the orthodoxy is further evidenced by the bottom rankings of five of the six “rejection of” selections. From this it would seem that heterodox economics should be defined not by what it opposes or rejects, but rather by to what tenets it holds and how those, in a secondary manner, contrast to orthodox economics. Indeed, it would appear that in order to have a different theory, methodology, and research agenda, heterodox economics must have an identifiable, if not definable alternative theory, methodology, and research agenda of its own. The recognition of an alternative research program that may be defined by more than simple opposition stands in direct contrast to the general sentiment of the scholarly literature (see chapters two and three, specifically). This observation would seem to suggest that some consensus regarding the existence of heterodox economics, while currently undefined, consists of more than an agglomeration of critiques of the orthodoxy. Moreover, these findings would seem to indicate that perhaps informal consensus is building; a supposition that is further evidenced through the comparison of descriptions of heterodoxy in the textbooks and secondary literature, where the former very rarely employ the term relative to its usage in the latter. Perhaps then, consensus is a work in progress.

In the middle of the pack (33 percent), differences in political leanings appeared as a potential qualifier of a group as heterodox. One third of respondents selected this choice as a determinant of heterodoxy and it ranks

above all but one of the rejection criteria for heterodoxy. Once again, the correlation between the questionably heterodox groups – the Austrians, NIE, and Public Choice – and their respective pro-market ideologies should be noted, as this correlation would appear to contradict these findings. The extent of political ideology in determining the difference between orthodox and heterodox will be examined further in later questions which ask pointedly which/whether any ideological undercurrents may be identified with either group.

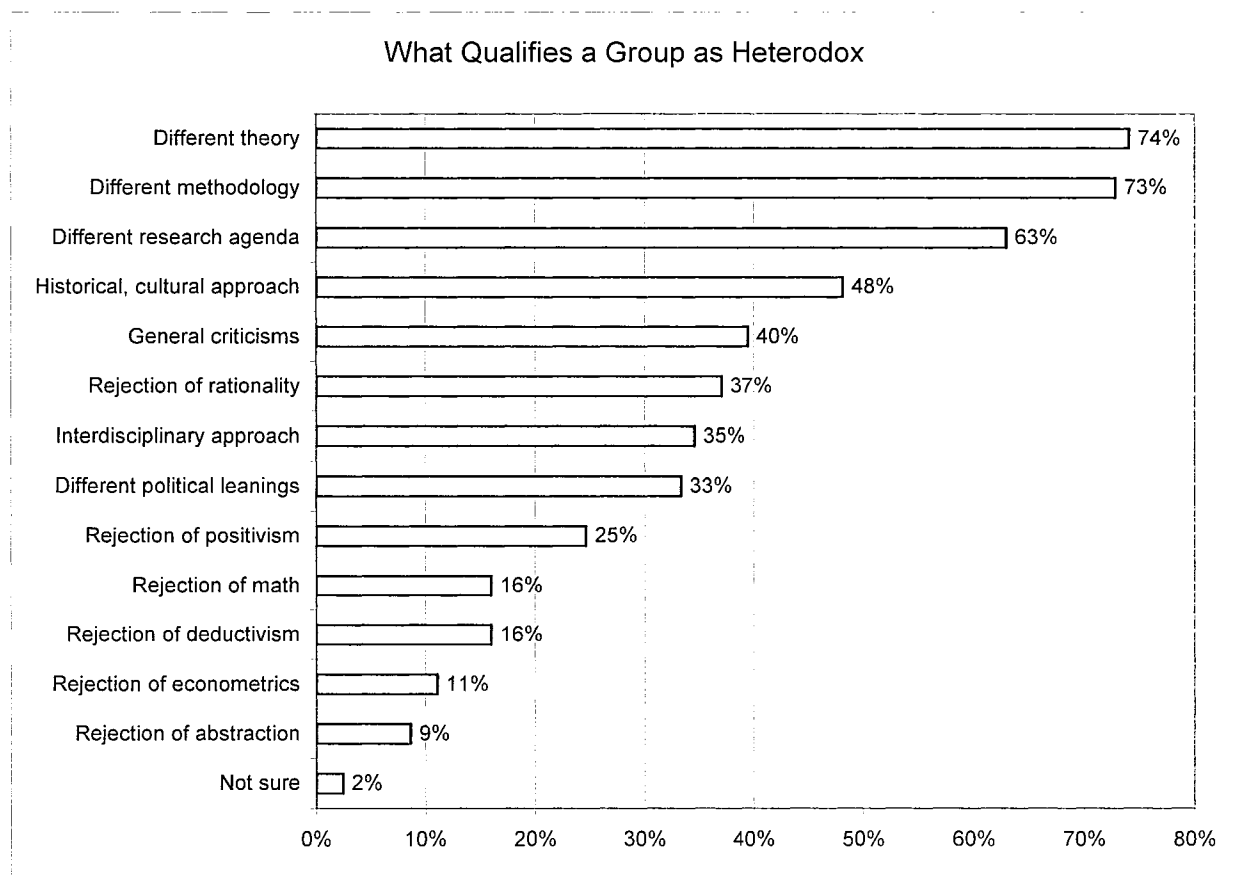


Figure 11.3

Assessment of a Mixture of Groups

In question six, survey presented respondents with a list of seventeen potentially heterodox groups, and asked whether or not (“yes,” “somewhat,” “no,”

“not sure”) each could be categorized as heterodox (Tables 11.3a (condensed) and 11.3b (all percentages)). Those groups that were considered heterodox as opposed to somewhat heterodox or not heterodox included: the Marxist/Radical group (91 percent of respondents affirmed heterodox), the Neo-Ricardian/Sraffians (63 percent), the Original (Old) Institutionalists (62 percent) and the Post Keynesians (56 percent). What would seem significant is that over half of respondents affirmed the heterodoxy of these groups. Likewise, the distribution of responses for these four groups of thought skewed towards heterodoxy with less than 10 percent of respondents combined answering “no” or “not sure” to heterodox classification for each group. Some consensus would thus appear to exist among the respondents with respect to the identification of the core groups of thought that comprise heterodox economics.

The largest number of responses fell under the “somewhat heterodox” classification. Fewer than half of respondents affirmed the following groups as “somewhat” heterodox: Austrians (48 percent), Behavioral (44 percent), New Institutionalists (42 percent), Ecological (40 percent), Feminist (37 percent), Social Economics, and Socio-economics (35 percent each). Out of these seven groups, only the Austrians exhibit a fairly close split of response percentages on either side of the somewhat category. The Feminist, Social, and Socio-economics groups are skewed more towards heterodox, and the remaining three, Behavioral, Ecological, and New Institutionalist all appear slightly more skewed towards not heterodox. Indeed, this would seem to indicate a degree of uncertainty with respect to the nature of each of these groups. Whether this

tendency for a “somewhat” group to be skewed to either heterodoxy or orthodoxy is indicative of uncertainty regarding its place, lack of coherency of its program, or a divided program, is not transparent. What is interesting is that an even number of the “somewhat” groups appear skewed to either side. These results would seem to reinforce the trend in the literature for an “in-between” classification.

A scant majority (53 percent) of respondents claimed that the Public Choice/Virginia group was not heterodox while 43 percent suggested that Environmental economics was not heterodox. Both of these groups also skewed towards the somewhat classification – perhaps it is not only heterodoxy that requires articulation but orthodoxy as well. Indecision emerged for four other groups about which the majority of respondents were “not sure”: Foundational (73 percent), Georgist (42 percent), Bio-economics, and Humanistic (37 percent each). While this could be due to the uncertainty of what heterodoxy entails, it would seem more likely that these particular groups are simply not as well known, especially given their slight mention throughout the scholarly literature. Once again, a very small percentage (2 percent) of respondents claim that no heterodoxy exists, lending further validity to the assumption of an identifiable body of heterodox thought.

Table 11.3a: Which Groups are Heterodox?			
Heterodox		Somewhat	
Marxist/Radical	91%	Austrian	48%
Neo-Ricardian/Sraffian	63%	Behavioral	44%
Original (Old) Institutionalist	62%	New Institutionalist	42%
Post Keynesian	56%	Ecological	40%
		Feminist	37%
		Social Economics	35%
		Socio-economics	35%
Not Heterodox		Not Sure	
Public Choice/Virginia	53%	Foundational	73%
Environmental	43%	Georgist	42%
		Bio-economics	37%
		Humanistic	37%

Table 11.3b: Which Groups are Heterodox?				
	Yes	Somewhat	No	Not sure
Austrian	27%	48%	21%	1%
Behavioral	10%	44%	30%	12%
Bio-economics	11%	31%	15%	37%
Ecological	12%	40%	22%	21%
Environmental	2%	31%	43%	15%
Feminist	32%	37%	12%	15%
Foundational	7%	9%	4%	73%
Georgist	35%	12%	5%	42%
Humanistic	27%	27%	2%	37%
Marxist/Radical	91%	5%	0%	1%
Neo-Ricardian/Sraffian	63%	26%	6%	2%
New Institutionalist	15%	42%	32%	9%
Original (Old) Institutionalist	62%	27%	5%	4%
Post Keynesian	56%	32%	9%	1%
Public Choice/Virginia	1%	31%	53%	9%
Social Economics	30%	35%	6%	26%
Socio-economics	21%	35%	5%	33%

Respondents were then presented with a list of eight groups in question seven and asked to classify each as “decidedly” or “mostly” heterodox, “cannot tell,” or “mostly” or “decidedly” orthodox (Tables 11.4a (condensed) and 11.4b (all percentages)). While the previous question (question six) asked about the classification of every group found in the surveyed secondary and textbook literature as dissenting in one form or another, question seven presented a mixture of potentially heterodox and orthodox groups was presented in an attempt to ascertain whether a continuum of more to less heterodox exists. The

groups listed in question seven were chosen based on the frequency of discussion in the secondary and textbook literature reviews. The two groups, Neoclassical and Chicago, were both resoundingly classified as orthodox (80 percent and 70 percent respectively). Over one-third of respondents, 37 percent, also identified Formalized economics as decidedly orthodox. The three groups classified as decidedly heterodox included Marxist/Radicals (75 percent), Original (Old) Institutionalists (47 percent), and Post Keynesians (38 percent). Each of these results would appear to reinforce the findings of the above questions.

Table 11.4a: Degrees of Heterodoxy

Decidedly heterodox		Mostly orthodox		Decidedly orthodox	
Marxist/Radical	75%	Austrian	42%	Neoclassical	80%
Original (Old) Institutionalist	47%	New Institutionalist	37%	Chicago	70%
Post Keynesian	38%			Formalized economics	37%

Table 11.4b: Degrees of Heterodoxy

	Decidedly heterodox	Mostly heterodox	Can't tell	Mostly orthodox	Decidedly orthodox	Not sure
Austrian	7%	33%	0%	42%	7%	0%
Chicago	0%	1%	0%	19%	70%	0%
Formalized economics	1%	0%	10%	26%	37%	14%
Marxist/Radical	75%	15%	0%	0%	0%	0%
New Institutionalist	7%	23%	5%	37%	12%	4%
Neoclassical	1%	0%	1%	7%	80%	0%
Original (Old) Institutionalist	47%	32%	2%	5%	0%	2%
Post Keynesian	38%	30%	0%	15%	2%	2%

The Austrians and the New Institutionalists deemed as “somewhat” heterodox in the previous question (question six) were both declared by respondents (42 percent and 37 percent respectively) to be “mostly” orthodox. Of course, these same two groups were also deemed as “mostly” heterodox by 33 percent and 23 percent (respectively) of the other respondents. This would seem to suggest that any building consensus at the informal level has not yet reached the point in discussion where groups of thought might be sorted into either the heterodox or orthodox camps. Historians of economic thought, it would

seem, simply do not agree on how to classify certain groups, specifically those that, according to the secondary literature, fall in the middle of the divide.

If a group received any percentage of responses (greater than 1 percent) in the mostly heterodox category, its highest percentage of responses fell into either the decidedly heterodox (OIE, Post Keynesian, Marxist) or the mostly orthodox categories (Austrian, NIE). This would seem to confirm further the lack of agreement between historians of economic thought with respect to the classification of specific groups of thought.

Moreover, no one group received its highest percentage of responses in the “mostly heterodox,” “cannot tell,” or “not sure” categories. Indeed, only formalized economics garnered greater than a 5 percent response in either the “can’t tell” or “not sure” categories perhaps because it is more a methodology than a group of thought per se. The otherwise lack of a high percentage of responses in the “cannot tell” and the “not sure” categories would seem to reveal that historians of economic thought have some notion of what is and is not heterodox economics, which reveals as much as the answers to which many of the respondents agree. Indeed, the low number of responses suggests that a tacit, general consensus exists.

The Changing Boundaries

In order to develop an articulation of heterodox economics, the separation and the boundary between orthodox and heterodox should be clarified. An understanding of what separates the orthodox and heterodox camps, the nature of the divide, the relationship between orthodox and heterodox economists, and

the elements that would sort groups onto either side of the divide, should prove useful in determining the criterion for inclusion under the heterodox economics rubric. The first three questions, questions eight through ten in this grouping therefore explore the nature of the boundary between the two camps, beginning with a question that inquires about the nature of the orthodox program of study to determine specifically if it is expanding in such a way as eventually to absorb groups of thought at the margin. Questions eight and nine inquire directly about the boundary itself, asking respondents first to characterize and then to describe that boundary. The last set of three questions within this grouping, questions eleven through thirteen ask respondents to assess the economists who might fall onto either side of the divide, by inquiring about the relationships between orthodox and heterodox economists and then separately asking respondents if economists in each camp can be associated with a particular political agenda. By focusing more closely on the nature of the separation, it is hoped that those characteristics that play a major role in the sorting of groups of thought into either orthodoxy or heterodoxy might be revealed.

The Nature of the Boundary between Heterodoxy and Orthodoxy

When asked to describe the current nature of orthodox economics in question eight, whether its focus is growing or shrinking and whether it may be described as either eclectic or narrow, respondents did not agree (Figure 11.4). Over half (53 percent) of the respondents stated that the current orthodoxy is expanding in focus, yet 42 percent claim that the current orthodox program is narrow, while 31 percent state the orthodoxy is eclectic. This disagreement

might be interpreted as a statement of acknowledgement that mainstream economics is expanding into different topics perhaps with new techniques and in that sense is becoming if not more heterodox, then more pluralistic, but nonetheless is at present too narrowly focused. It would seem more likely, however, that these results might be indicative of disagreement with respect to the manner in which the encroachment of orthodox economics into other topics and issues – referred to in the literature as academic or economics “imperialism” (see chapters five (OIE), six (NIE), and nine (Non-orthodox)) – should be perceived. The latter proposal would seem more likely given the purgatory occupied by those groups whose beliefs are not consistent with those of either the orthodox or heterodox fold. None of the respondents claimed that an orthodoxy does not exist, which would seem to indicate that some limit to the orthodox program persists even if the description of the nature of that periphery is changing and as such remains the subject of contention. As previously hypothesized, perhaps an articulation of orthodox economics by historians of economic thought is in order as well.

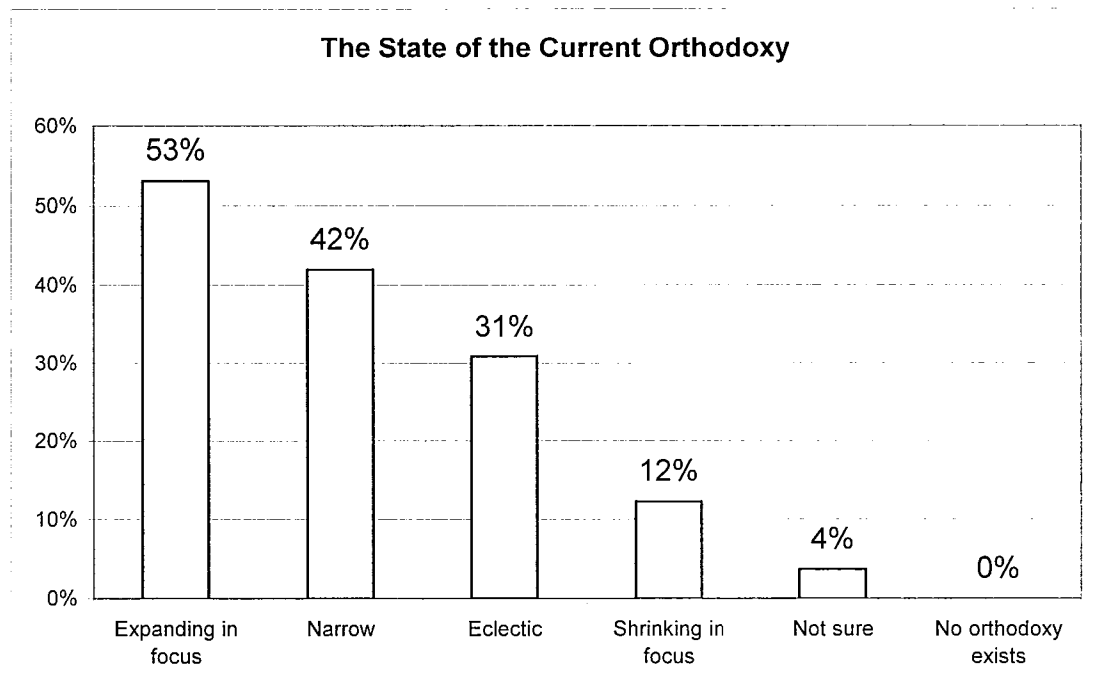


Figure 11.4

In question nine, survey respondents were asked to comment on the boundary between orthodox and heterodox economics, specifically by choosing one of the following descriptions: blurry, overlapping, sharp, non-existent, or uncertain (Figure 11.5). Over half of the respondents (62 percent) selected “overlapping” as the appropriate description. This would seem to support the above responses that there is not a clear demarcation between orthodoxy and heterodoxy, as evidenced through the in-between classifications, such as “somewhat” and “mostly”. While only 22 percent of respondents described the boundary as “sharp,” this depiction of the separation between orthodoxy and heterodoxy received the second and only other significant percentage of responses as the other selections were chosen by 7 percent or less (each) of respondents. While the results are contradictory, they would appear to confirm

two separate hypotheses: that, one, a discernible heterodox program exists as 90 percent of the respondents were able to describe the boundary separating orthodoxy and heterodoxy as overlapping, sharp, or blurred, but that, two, the characteristics which might distinguish heterodox economics from orthodox economics remain unclear. As such, respondents would seem to acknowledge that some middle ground between orthodox and heterodox economics exists, given the “overlapping” response, while at the same time indicating that the lines which separate this middle ground from both heterodoxy and orthodoxy are definite and definable, given the “sharp” response. The nature of heterodox economics, however, remains unclear and the critical mass necessary to classify a group as heterodox is as of yet indeterminate given that a threshold (or absence of such) has not been determined, further evidencing the lack of consensus among historians of economic thought. Moreover, only 2 percent of respondents felt that a boundary between orthodox and heterodox economics does not exist, which would appear to support the existence of a heterodox versus an orthodox economics classification.

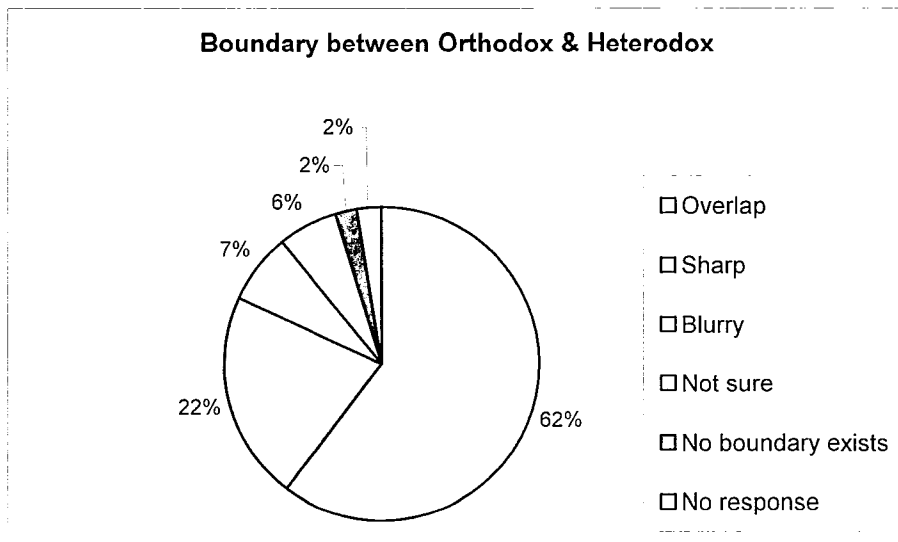


Figure 11.5

When asked in question ten what separates orthodox and heterodox economics (Figure 11.6), the overwhelming majority of respondents (84 percent) stated that “assumptions about human nature and economic institutions” constituted the main divisor. This was followed by three closely grouped responses: attention to history (60 percent), method (56 percent), and attention to culture (49 percent). Again, evidence is found of a positive description of heterodoxy, specifically with respect to methodological approach, as opposed to the assertion that heterodoxy simply consists of a rejection of orthodoxy. This would seem to be further supported by the bottom two rankings of “use of mathematics” and “use of econometrics,” tools typically associated with the mainstream, as descriptions of what separates heterodox from orthodox economics. Historians of economic thought, in contrast to what was found within the literature would thus seem to identify and distinguish heterodoxy by what it is rather than by what is not. Only one respondent chose the “no separation exists”

selection, which would seem further to confirm the existence of a heterodox versus orthodox economics.

Moreover, it would seem that the responding historians of economic thought consider methodology to outweigh political ideology in the separation of heterodox and orthodox economics, reinforcing the results from question five. As will be shown, the reported differences in ideology in response to questions twelve and thirteen are clear: heterodoxy is more often associated with the political views of the left, and orthodoxy with those on the right. In a head to head comparison, however, methodology, attention to history, and attention to culture, are cited as elements that are more important. There is evidently considerable opinion that heterodox economics is integrated by the embedded conceptualization of the economy whereby economic behavior and institutions are grounded within a cultural and historical context. If so, this seems contrary to the view that dissent is solely of a negative nature, in other words, anti-orthodox, and has no unifying theme.

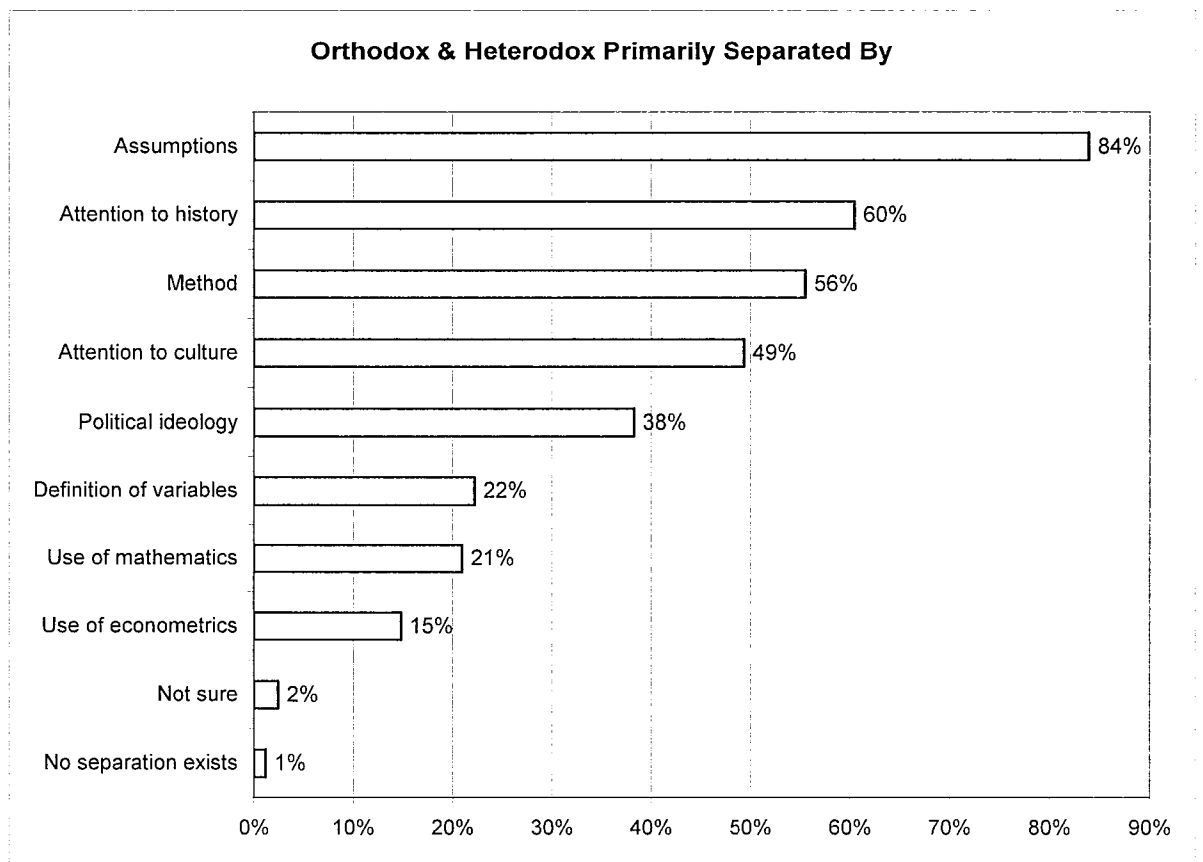


Figure 11.6

Heterodox and Orthodox Economists

When respondents were asked to comment upon the working relationship between orthodox and heterodox economists (Figure 11.7) in question eleven, the answers appear quite evenly dispersed. Indeed, only a few percentage points, with nine percentage points separating the highest and lowest rankings of responses, separated each response. The results would seem to suggest a variety of suppositions. It could be hypothesized that the changing nature of the boundary between orthodox and heterodox economics in turn changes the nature of the relationship between economists on either side of the divide. The

widespread disagreement might also be the result of the shifting consensus among historians of economic thought regarding the core of heterodox thought as heterodoxy develops from simple rejection of orthodoxy to its own alternative program. Such a shift in the depiction of heterodoxy might later translate into the transformation of the perceived animosity between the two groups to that of cooperation. Furthermore, the changing perception of heterodox economics from marginalized or fringe groups into cohesive, robust programs could also impact and subsequently alter the nature of relations between orthodoxy and heterodoxy. Regardless of the implications drawn, the one point that may be most certainly divined from the even dispersion among all the responses is that the nature of the relationship between these two groups of economists is in a state of flux and that this would seem very likely due to the evolving nature of both programs of study.

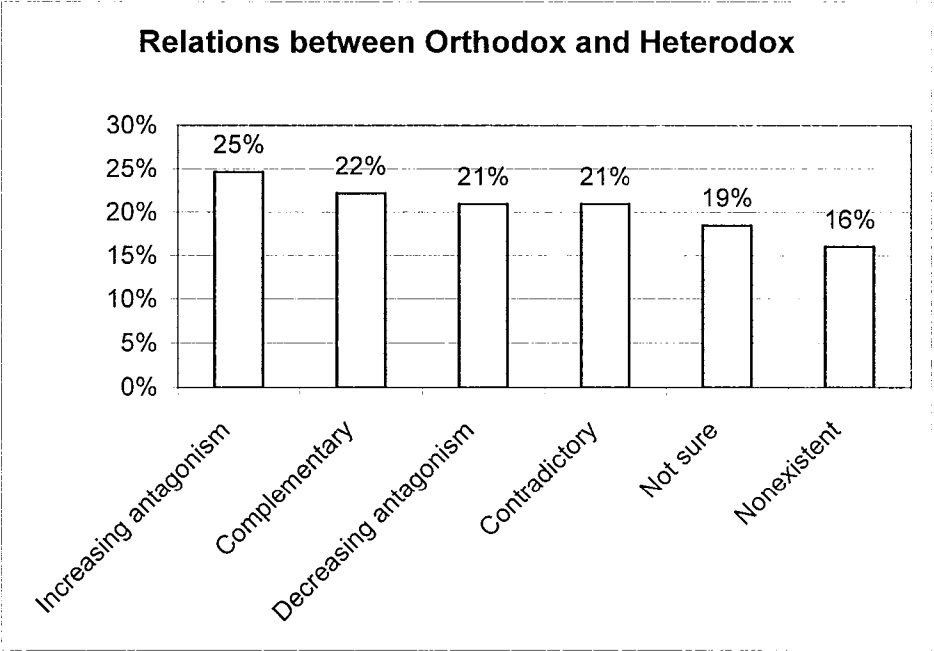


Figure 11.7

Political convictions, even if only tacitly realized, often impact relations and enforce partitions between groups. It is for this reason that respondents were asked in questions twelve and thirteen, respectively, to describe the ideological undercurrents to both the heterodox and orthodox economics programs (Figures 11.8 and 11.9, respectively). The two highest ranking responses claimed that socialism (47 percent) and modern liberalism (38 percent) represent the political ideology of heterodoxy, however, this was followed closely by 35 percent claiming that heterodox economics is not predominantly committed to any political ideology. The reason for over a third of respondents not associating heterodox thought with a particular ideology is perhaps the result of different heterodox groups committing to different political ideologies, negating not the heterodox commitment to an ideology, but to a general ideology for the entire group. This would appear to be a critical issue in need of clarification as one attribute of heterodox economics, in contrast to orthodox economics, that appears regularly within the secondary literature is the refusal to declare that the study of economics is able to transcend political ideology (see chapter three). Indeed, if heterodox economists readily profess that all economics is influenced by political ideology it is only natural to ask if heterodox economists share a particular ideology and if so, which one.

When the same question is asked with respect to orthodox economists, only one listed socialism as an ideological influence and the top cluster of answers consisted of free market leaning responses: classical liberal (54 percent), capitalist and neoliberal, (43 percent each), and conservative (33

percent). This would seem to imply that a free market orientation might prejudice a group's classification towards the orthodox side of the divide. The correlation between questionable heterodox classification and those groups of thought perceived as classical liberal, conservative, or neoliberal, each of which received 6 percent or less of the responses with respect to the ideology of the heterodoxy, was found to be high in the secondary literature (see Austrians, chapter four; NIE, chapter six; and Public Choice in chapter nine). This survey observation in conjunction with the secondary literature resonates in particular with the conflicting findings of questions six and seven: the "somewhat heterodox," yet "mostly orthodox," groups such as the Austrians and the NIE. Of course, questions five and ten indicate that historians of economic thought do not place much emphasis on political ideology as a sorting mechanism.

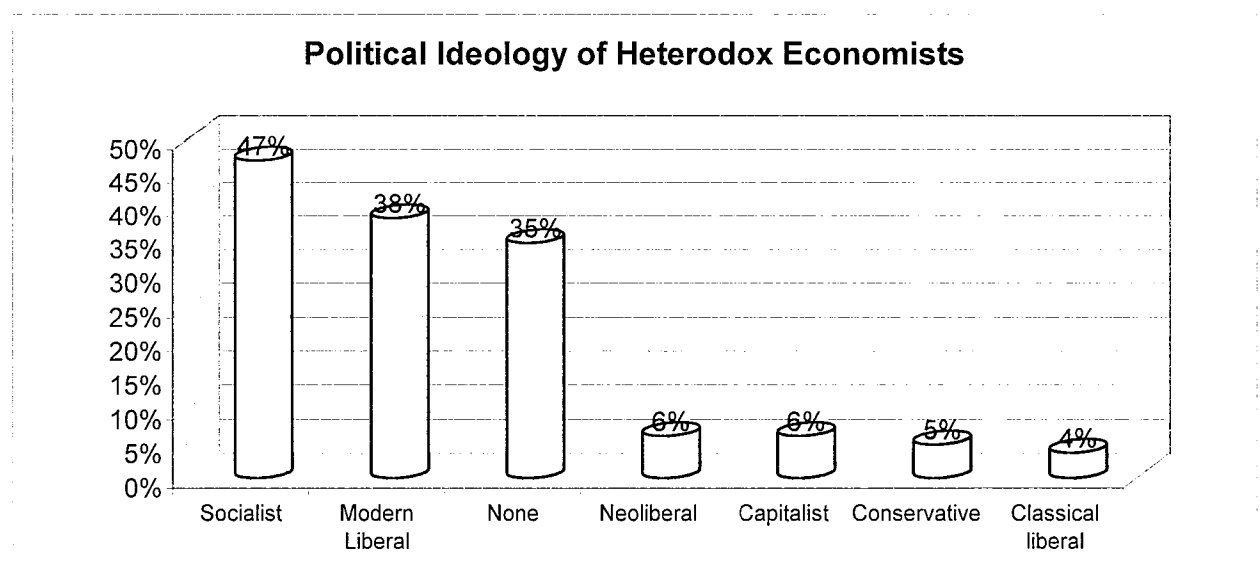


Figure 11.8

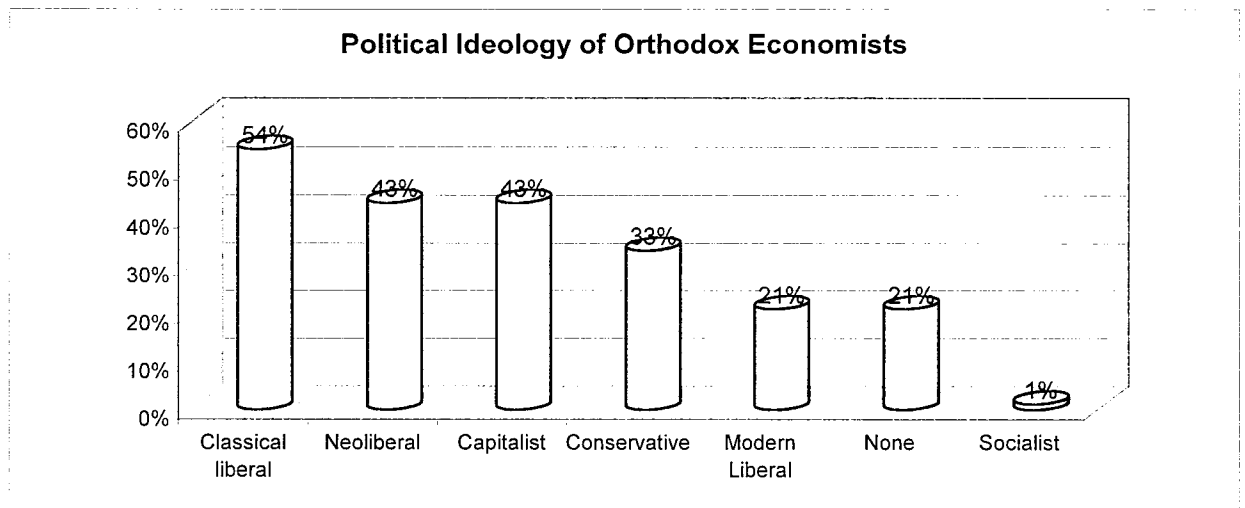


Figure 11.9

The Current Heterodox Economics Program Evaluated

There is substantial opinion among historians of economic thought with regard to the expanding and eclectic tendencies of orthodoxy (refer to Figure 11.4) and the blurry, overlapping, or nonexistent boundary between orthodox and heterodox economics (refer to Figure 11.5). Although historians of economic thought observe some clear differences between heterodox and orthodox economics in terms of methodology and to a lesser extent political ideology, there is a clear indication that a state of flux exists, and that complementary and decreasing antagonism between orthodox and heterodox economics is a distinct possibility.

The objective of this final grouping of questions fourteen through eighteen was thus designed to clarify the current status of heterodox economics as well as its future within the discipline. Respondents were first asked to evaluate heterodox economics in question fourteen specifically in the area of coherency. The subsequent two questions, questions fifteen and sixteen, inquired about

respondents' perceptions of the central strength and weakness of five potentially heterodox programs. The final two questions, seventeen and eighteen, asked for a general evaluation of the current state of heterodox economics and then what future expectations respondents' held for the heterodox program. The objective of an assessment and evaluation of heterodox economics thus serves two purposes: to further clarify the nature of the heterodoxy, and to lay bare the need for clarification in the shaping and pursuit of its ultimate agenda.

Assessment of Current Programs

In question fourteen, respondents were asked to comment on the coherency of the research program for eight groups, orthodox and potentially heterodox alike. The results reveal a small degree consensus on the issue of coherency as nearly half of all respondents agreed with respect to every group (Tables 11.5a (condensed) and 11.5b (all percentages)). Respondents suggested that the previously established "decidedly orthodox" groups (refer to Table 11.4) have "very coherent" research programs: Chicago (57 percent), Neoclassical (46%), and Formalized (45 percent). This stands in contrast the remainder of the groups, Austrians (46 percent), Marxists/Radicals (57 percent), New Institutionalists (43 percent), Original (Old) Institutionalists (45 percent), and Post Keynesians (49 percent), which only received a "somewhat coherent" rating. This mixture of "decidedly" heterodox groups and groups that fall between orthodoxy and heterodoxy would not at first seem to share a common rationale for eliciting a "somewhat coherent" response. It would, however, seem logical that without a coherent articulation of the general heterodox program, that its

individual groups of thought, those decidedly within the fold and those hovering in the space between, would not be perceived as coherent either. Likewise, the clarification of the research programs of these individual groups would seem to assist to a great degree in the clarification of the heterodox research program writ large.

The difference between the “very coherent” and “somewhat coherent” research programs of the previously decided orthodox groups and somewhat undecided heterodoxy may not reside entirely with the issue of coherency. Indeed, it would seem that logistically a more diverse and interdisciplinary approach to the discipline, characteristics frequently employed to describe heterodox economics in the literature (see chapter three), would seem superficially less coherent than the research programs or paradigms of much more narrowly focused groups of thought. Narrowness, in other words, would seem to lend more easily to identifiability, which may in turn be perceived as coherency. Likewise, more realism with respect to the historical and cultural context (see question five and chapter three) attributed to heterodox thought lends to greater complexity, which in turn could result in greater difficulty in articulation or the perception of a less coherent program. Whether the rating of “somewhat coherent” of the perceivably heterodox groups is the result of a true lack of coherency or of diversity, it would regardless seem that the articulation process within the potentially heterodox groups would assist in clarifying and thus strengthening the heterodox research program.

Table 11.5a: Rating Groups on Coherence			
Very Coherent		Somewhat Coherent	
Chicago	58%	Marxist/Radical	58%
Neoclassical	47%	Post Keynesian	51%
Formalized	46%	Austrian	47%
		Original (Old) Institutional	46%
		New Institutional	44%

Table 11.5b: Rating Groups on Coherence						
	Very coherent	Somewhat coherent	Neutral	Less coherent	Incoherent	Not sure
Austrian	35%	47%	4%	2%	4%	6%
Chicago	58%	35%	2%	1%	0%	2%
Formalized	46%	19%	11%	2%	1%	16%
Marxist/Radical	15%	58%	2%	15%	2%	5%
New Institutional	19%	44%	11%	11%	1%	11%
Neoclassical	47%	33%	4%	9%	1%	4%
Original (Old) Institutional	10%	46%	9%	17%	5%	11%
Post Keynesian	10%	51%	5%	14%	5%	12%

Furthermore, the groups which respondents claim present “somewhat coherent” research programs are considered to be potentially heterodox from the literature. These five groups, the Austrians, Marxist/Radicals, New Institutionalists, Original (Old) Institutionalists, and Post Keynesians, were presented to respondents in questions fifteen and sixteen, respectively, to comment upon with respect to the central strength and weakness of their respective programs (Tables 11.6a, 11.6b and 11.7a, 11.7b, respectively). Respondents were able to select one of the following criteria: “clarity,” “coherence,” “policy influence,” “political view,” “research money,” “research program,” “acceptance into the mainstream,” and “not certain.” The main strength and weakness of the New Institutionalists (by 37 percent), Original (Old) Institutionalists (by 20 percent), and Post Keynesians (by 19 percent) appeared indeterminate, or “not certain.” This response could be a by-product of the “somewhat coherent” research program of these groups. Likewise, the political

view of the Marxist/Radical program was listed as both its main strength and weakness, indicating either a sense of irony on the part of respondents or confusion with respect to the group's research program. The Austrians stand alone with a stronger sense of the group's main strength – clarity (26 percent) – and main weakness – political view (38 percent). These observations would seem to support the lack of clarity with respect to research programs of the individual groups as well as present a likely reason for the lack of clarity with respect to the nature of heterodox economics writ large as once again, historians of economic thought do not agree. Out of both of these questions, only one respondent remarked that heterodox economics does not exist. It would thus seem that a heterodox research program exists even if the program, along with its strengths and weaknesses are not clear.

Group	Main Strength	Percentage
Austrian	Clarity	26%
Marxist/Radical	Political View	36%
New Institutional	Not sure	22%
Original (Old) Institutional	Not sure	32%
Post Keynesian	Not sure	25%

	Clarity	Coherency	Policy Influence	Political View	Money	Program	Accept	Not sure
Austrian	26%	11%	7%	11%	1%	16%	0%	19%
Marxist/Radical	19%	1%	0%	36%	0%	12%	0%	23%
New Institutional	15%	5%	7%	2%	0%	21%	19%	22%
Original (Old) Institutional	11%	4%	11%	9%	0%	23%	1%	32%
Post Keynesian	12%	12%	10%	10%	1%	20%	1%	25%

Austrian	Political view	38%
Marxist/Radical	Political view	32%
New Institutional	Not sure	38%
Original (Old) Institutional	Not sure	21%
Post Keynesian	Not sure	20%

	Clarity	Coherency	Policy Influence	Political View	Money	Program	Accept	Not sure
Austrian	5%	2%	11%	38%	4%	5%	9%	15%
Marxist/Radical	2%	10%	12%	32%	6%	4%	16%	6%
New Institutional	5%	10%	6%	7%	2%	11%	9%	38%
Original (Old) Institutional	11%	11%	10%	5%	5%	12%	14%	21%
Post Keynesian	5%	19%	9%	4%	10%	9%	15%	20%

Evaluation of the General Heterodox Program

When asked in question seventeen to comment upon the current, overall status of heterodox economics (Figure 11.10) in the US, the majority of respondents (68 percent) concurred that heterodox economics exhibits a “present, but weak force.” This was by far the most popular response as each of the remaining responses only garnered a response rate of twenty percent or less (each). It would thus appear that historians of economic thought perceive the current heterodox program, regardless of how they conceive it, to persist in maintaining its position at the periphery and not exhibiting any force in its attempts to change the orthodox program. Change within the orthodoxy, as evidenced by the above mixed responses with respect to the current nature of orthodox economics (refer to Figure 11.4), would thus appear to emanate from *within* the mainstream. If the one agreed upon goal of the heterodox economics program, as speculated within the literature, is reform of the orthodoxy, it would

seem from this evaluative response that heterodox economics is not, despite its growing presence as noted in chapter one and three, achieving the level of success desired.

Indeed, none of the respondents considered heterodoxy to be a strong, influential force in the discipline, however, only two respondents out of eighty-one considered heterodox economics to be “defunct.” Additionally, only one respondent claimed that heterodoxy either does not or has never existed. What these results would seem to indicate is that a heterodox research program exists but that it is not impacting the discipline in any perceivably significant manner – it is essentially treading water or surviving. Perhaps this is the consequence of a less than definable research program in which case it could be hypothesized that clarification would lend strength to the movement.

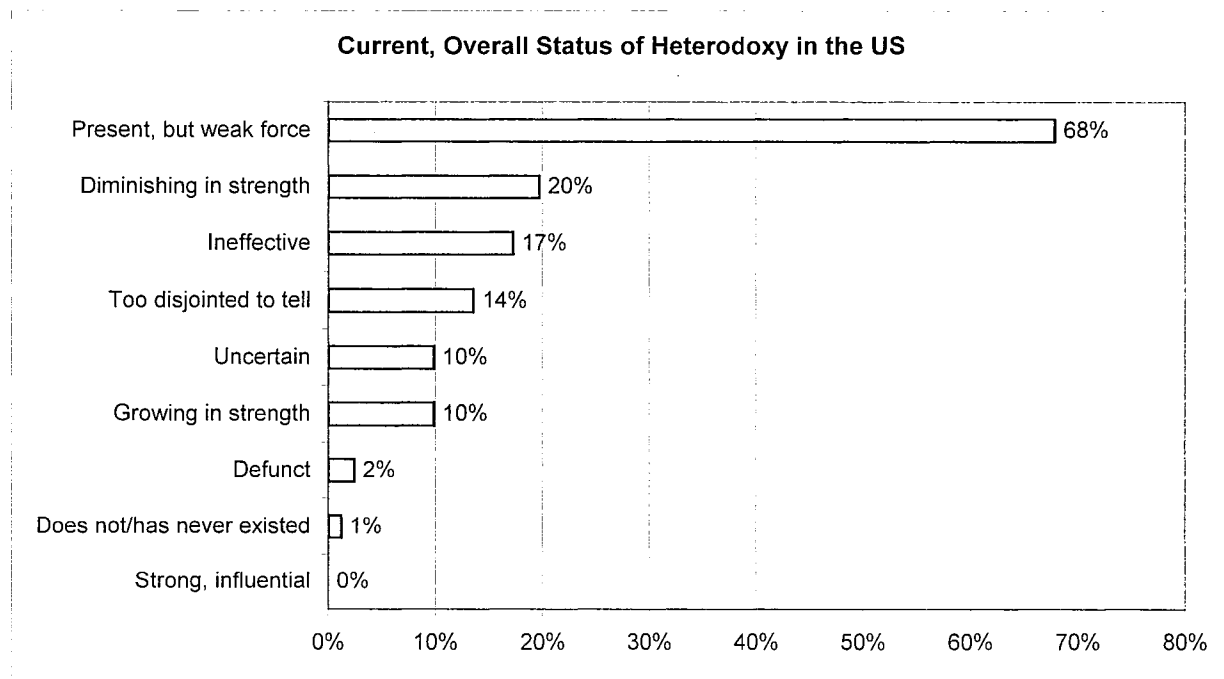


Figure 11.10

Responses to question eighteen regarding the future of heterodox economics would seem to support the above results albeit with fewer consensuses and more optimism (Figure 11.11). Over a third of respondents (36 percent) predicted that heterodox economics would maintain itself in the coming years, while 33 percent foresaw a gradual growth. The remainder of predictions each received 11 percent or fewer of the responses. Moreover, none of the respondents predicted that heterodox economics would disappear. Indeed, it would might be hypothesized that historians of economic thought believe that although at present the heterodoxy does not exhibit a powerful force for change in the discipline, the tide will eventually turn.

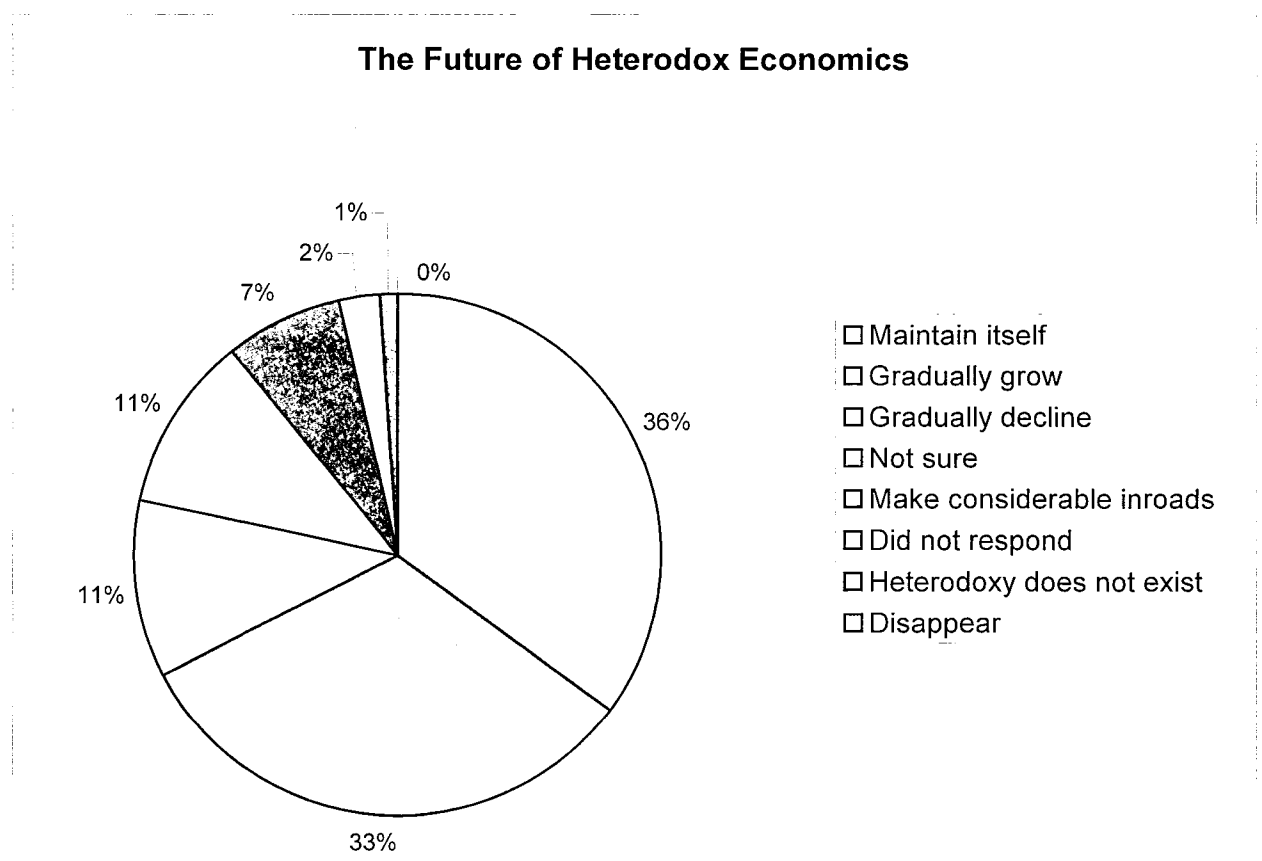


Figure 11.12

These cautiously, optimistic prophecies are perhaps the result of the growth of the current heterodox movement, evidenced by the growing call for reform of the mainstream. If this is indeed the case, then the time for articulation has never been more crucial. If heterodox economists are to seize this opportunity of the swelling dissatisfaction with the current orthodox economics program, it must present a clear and well-articulated agenda for reform. Such an agenda can only emerge from a clear and well-articulated program of study. This would seem to not only validate the need for articulation of the heterodox program, but to also underline the critical significance of doing so. Indeed, if heterodox economics is here to stay at least through the foreseeable future, then the responsibility on the part of historians of economic thought to provide clarification would appear all the more urgent.

Open-Ended Responses

As previously stated, most of the survey instrument consisted of questions followed by a list of pre-selected answers from which respondents could choose. At the end of the survey in question twenty-two, respondents were asked, "In your own words, how would you describe the nature of heterodox economics?" Respondents were provided unlimited space and no other direction or parameters in the answering of the question. Answers, as would be expected, ranged extensively, yet could be sorted into two rough categories: general descriptions of heterodox economics and description of heterodox economics via opposition – what the heterodoxy rejects from orthodox economics. Most of the remarks were not explained at length.

General Descriptions of Heterodox Economics

The general descriptions participants provided touched upon a variety of issues; however, three main themes could be discerned from the myriad comments: the broadness of the program, methodological tactics, and degree of realism. It would thus seem that historians of economic thought have some formulated necessary but perhaps not sufficient conditions for the determination of the heterodox classification.

Though respondents employed several different turns of phrase – “diverse,” “mixed,” “eclectic,” “broad,” “pluralistic” – the message underscoring these responses would seem to clearly express the first descriptive theme: heterodox economics presents a formidable challenge in the surmising of a definition because it is so “encompassing.” These respondents would seem to have intimated that pinning heterodoxy down to a manageable definition other than that of simply “broad” would invariably leave out some individual or group of thought that should in fact be considered heterodox. This sentiment appeared in the survey of the literature as discussed in chapter three, where broad definitions were deliberately designed to reflect openness to different approaches.

Methodology emerged as the second major theme in the respondents’ descriptions of heterodox economics. More specifically, the incorporation of historical, social, and cultural context into the study of economics was often repeated. Thus it would seem that the embedded economy (while no respondent used the term) would play a definitive role in the methodological approach of heterodox economics. The remarks from other respondents would seem to

further support this methodological theme as well, such as the descriptions of heterodox economics as interdisciplinary or holistic. The theme of the embedded economy appeared quite frequently in the survey of the scholarly literature as demonstrated in the OIE (chapter five), Post Keynesian (chapter seven), and the Marxist/Radical (chapter eight) discussions and would seem to represent the defining characteristic for the more likely of the potentially heterodox groups of thought, such as the Original Institutionalists.

The final general descriptive theme of heterodox economics turned upon the goal of a more realistic study of the economy. Respondents affirmed this description through pointed statements that heterodox economics is “closer to economic reality” or more “relevant for real economic problems” to list but two of the assertions. As well respondents remarked that heterodox economics takes more seriously the issue of complexity and develops a study of economics that is based on the realities of the capitalist economic system. Regardless, respondents would seem to view heterodox economics as the study of economics that more closely approximates and approaches reality than orthodox economics by the questions heterodoxy asks and the manner in which it pursues the answers – a theme again found in the discussions of the above mentioned chapters.

The three major themes into which most of the general descriptions of heterodox economics could be sorted – diversity, embedded economy, and realism – do not present an exhaustive list. Indeed, many other more specific descriptions of heterodox economics surfaced as respondents expressed how

they perceived the heterodoxy. With respect to ideology, remarks were made that heterodox economists recognize philosophical undercurrents of the study of economics. As well, comments appeared that suggested heterodox economics recognizes the role of the state in the formation of economic and social institutions and (in a separate comment) believe in a positive role for the government. According to respondents, heterodox economics also pays attention to social issues, such as the issues of social class and the distribution of the economic surplus. Other remarks made regarding the nature of heterodox economics included sundry ideas that were not specifically detailed such as comparative method, evolutionary, and macrofoundations of microeconomics. What would seem most remarkable about the general descriptions of heterodox economics is that when assembled together, none of the characteristics suggested would seem to contradict one another. Whether the descriptions, when packaged together, present a clear and well-articulated portrayal of heterodox economics remains to be seen, but consensus, no matter how broad, would seem to be a move in the right direction.

Description via Opposition

Alongside the descriptions of what heterodox economics *is*, appeared descriptions of what heterodox *is not*. Indeed, some respondents described heterodox economics by juxtaposing it directly against the orthodoxy. Heterodoxy was thus described as “not orthodox,” “different from” orthodoxy, “beside the mainstream,” and “outside the mainstream.” Other respondents chose to describe the nature of heterodox economics through a sociological

comparison of heterodox versus orthodox groups. Two respondents suggested that heterodoxy is “marginalized” in the discipline, for instance, it is “not stressed in core textbooks.” As a group, heterodoxy is thus not part of or alternatively is “free from the dominant paradigm.” This outsider status would seem endemic to the very semantics of the term heterodox. From these descriptions, it would thus seem as though some threshold or boundary exists separating what is acceptable in orthodox circles and what is not. What would not appear clear is where that boundary lies, in other words, how different or marginalized a group of thought must be in order to qualify as heterodox. In the end, this type of description seems tautological and ultimately not helpful in articulating the heterodox economics program.

The list of tenets of the orthodoxy that heterodox economics rejects appears long but not varied; all of the rejections more or less centered on the narrow frame of inquiry of the mainstream. By far, the most often remarked upon rejections included methodological individualism and rationality. These two rejections would seem particularly important given the somewhat tenuous and ultimately undecided position of Austrian and New Institutional economics, both of which ascribe to some close approximation if not facsimile to the orthodoxy’s individualism and rationality. Other rejections listed less frequently included formalism; behaviorist, positivist underpinnings; timelessness; constructivism; unrealistic assumptions; homo economicus; and the use of the methodological model of physics. Historians of economic thought thus still resort at times to description of the heterodoxy by way of opposition. While helpful in sketching the

outline of heterodox economics, an indication of the true substance of the heterodox program would not be revealed through such enumerations alone.

Respondents also defined heterodox economics through the description of more generalized rejections of the orthodoxy. It is in this regard that disagreements, by degree but not by kind, appear with respect to the nature of heterodox economics. Some respondents used strong phrasings to describe the incongruity between orthodox and heterodox economics, stating for instance that heterodox economics is “critical of ALL accepted/proposed assumptions and methods” (emphasis original), is “antagonistic towards” the orthodoxy, and rejects the “core of the neoclassical research program.” Other respondents described opposition in somewhat milder terms, such as “fundamental disagreements,” or “does not share premises of neoclassical economics.” What would seem more important than the varying degrees of description of the opposition between heterodox and orthodox economics is the ostensibly more pronounced dividing line between the two. In comparing the varying degrees of descriptions of opposition, it would seem that regardless of how deep the division between heterodoxy and orthodoxy cuts that a discernable division does in fact exist. This would seem to present a stronger statement evidencing the existence of a heterodox economics program than found in the current literature. It would therefore appear that while consensus might not yet have congealed at the level of discourse, it is at least more viscous and the degrees of difference less widely spaced than that which appears in the scholarly literature. To this end, it would

seem that time and further discourse would serve to further solidify such emerging consensus.

Non-Response Results

The response to the internet survey appeared very low at first examination with a response rate of only thirty percent (Table 11.8). There would seem, however, two main reasons solicited participants chose not to respond to the survey besides simply ignoring it: one, the respondents wanted to return to survey but were prevented due to some personal reason, or two, technological difficulties experienced in either the delivery of the solicitation email or in the processing of the survey. Those respondents who fell into the former category returned either the three question non-response survey (9 percent), or wrote a separate note via email explaining their personal reasons for not completing the survey (4 percent). The technological difficulties encountered consisted primarily in the failure of email delivery due to email blocks and expired email accounts (13 percent) with only two cases (1 percent) of technology failure arising after the completion of the survey during the processing of the results as reported by respondents. After accounting for these two categories of reasons for solicited participants not completing the survey, the percentage of historians who chose not to acknowledge the survey at all drops significantly – to 44 percent.

Table 11.8: Response Rate		
	Summation	% of Responses
Survey	81	30%
Nonresponse returned	24	9%
Letter of explanation	11	4%
Mail returned - reason unknown	36	13%
Technical difficulties - attempted to resolve	2	1%
No response at all	118	44%
Total	271	100%

If the responses to the non-response query and the letters of explanation for refusal to participate are counted as a response to the survey, the actual response rate of the study rises to 43 percent. The information collected from the refusal-to-participate responses would seem as informative in the assessment of the current heterodox program as the survey responses themselves. Through the examination of the rationales behind the refusals to participate, important information might well be revealed with respect to the current perceptions of historians of economic thought to the modern heterodox economics program. Whatever the root and nature of these perceptions, the explanations supporting them would seem to provide insight into the nature of heterodox economics.

Letters of Refusal to Participate

Prior to the three question non-response query, eleven historians of economic thought responded via email to the request to participate explaining why they elected not to participate in the survey. Answers varied from a sentence or two in length to several page letters offering advice and constructive critique in addition to their respective explanations. These letters, while not

directed in any formal way by the researcher, would appear to reveal important information nonetheless regarding the nature and articulation of the heterodox economics program.

The letters that explained the authors' refusals to participate would seem to cite one of three reasons for not completing the survey: the limitedness of the closed ended questions that prevented the full expression of their respective views, objection to the perceived purpose of the survey, or lack of interest in the topic. The most common concern, appearing in four out of the eleven letters, objected to the manner in which the survey questions were framed, specifically to the checked box structure of the answers provided: "...I couldn't fit my views to your categories in any meaningful way...I just find it very difficult to feel satisfied about answering questions posed in this fashion.". While this is a valid concern in the research of an admittedly complex and multidimensional topic, logistically, the structure of the survey could not be changed. An open-ended format, while revealing, would present a substantial obstacle in the organization of opinions as well as prove too costly for participants in terms of time required to complete the survey.

The most interesting explanations of refusal to participate appeared in two letters whose authors objected to the perceived ulterior purpose of the research. One of the letters defended heterodox economics against the (misconstrued) purpose of the research by stating, "It is because I have a great respect for 'heterodox' economics, that I have not a great respect for knowledge sociology. If you are really interested in 'heterodox' economics, read it." Given that the

secondary literature on heterodox economics and the history of economic thought textbooks partially guided and designed the survey instrument itself, this objection would not seem completely valid. The second objection to the purpose of the research suggested that the formation of a coherent heterodox group would undermine the purpose of dissent within the discipline, and for this reason, "... (I) hesitate to support attempts to rally round any school of thought, and, rightly or wrongly, that is what I suspect is at work in a survey of this kind..." It would seem natural that objections of this nature would arise, especially given the postmodern movement in academic circles or the movement away from one truth writ large. The purpose of this research indeed consists in attempting to articulate heterodox economics in an effort to clarify and unite various groups of thought in their rather overt, yet wide-ranging goal of reform of the orthodoxy. To this extent, the objection is valid, but does not erode the purpose of the research.

Two of the letters plainly stated that the study itself did not seem important. While these responses were brief, their pointed remarks would not seem to necessarily communicate the lack of significance of heterodox economics per se, but rather with the study itself. Without a detailing of their specific objections, however, it is impossible to address their respective concerns. The remainder of the letters did not provide full explanations for refusing to participate, but simply declined to complete the survey. It should be noted that no real hostility would seem to have underlined any of the refusal-to-participate letters. Many of the authors of these letters, in addition to outlining their assorted objections to the research offered advice and support. Indeed,

taking the time to respond and express objections in writing would seem to underscore the importance of the exploration of the topic of heterodox economics, regardless of the nature of the objection itself.

Results of the Non-Response Query

The non-response query was emailed to the randomly selected participants who had either not completed the survey or had not emailed a letter explaining his/her refusal to participate after the second follow-up letter requesting participation in the survey research was sent. The query consisted of three questions designed to determine the reasons for choosing not to complete the survey: time constraints; the insignificance of the study, or more specifically of heterodox economics; and the perceived lack of sufficient qualifications to answer the survey. All non-respondents were asked to rate their agreement to these three potential reasons by answering that they strongly agreed, agreed, were neutral, disagreed, or strongly disagreed with statements containing the stipulated reasons (Table 11.9). The three reasons presented – time, worthiness of the subject, and lack of qualifications – were designed based on the content of the answers to the last question of the survey that asked respondents for comments or suggestions.

Too little time to complete the survey	Strongly agree	33%
Heterodox economics is not important	Neutral	21%
Do not feel qualified	Strongly agree	50%

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Too little time to complete the survey	33%	13%	17%	8%	0%
Heterodox economics is not important	0%	0%	21%	17%	17%
Do not feel qualified	50%	17%	17%	0%	4%

* as a percentage of non-response queries returned

When presented with the statement, “There was too little time for me to complete the survey,” one-third of respondents (33 percent) strongly agreed. This would seem to indicate a problem with the construction of the survey instrument itself as opposed to the content of the survey per se. The last statement, “I don’t really feel qualified to discuss heterodox economics,” would seem particularly telling as half of respondents (50 percent) strongly agreed. While this might be indicative of the lack of clarification of the heterodox program, the breadth of the history of economic thought and the tendency in academia to specialize, would seem like a more reasonable explanation for the perception of lack of qualification, especially in light of the relatively recent emergence of the term “heterodox.”

What would appear to be most revealing with respect to the articulation process are the responses to the statement, “Heterodox economics is not important enough to warrant a study of this kind.” The responses were fairly mixed and evenly spread over the answers “neutral” (21 percent), “disagree,” and

“strongly disagree” (17 percent each). What would seem more important, however, is that none of those answering the non-response query strongly agreed or even agreed that heterodox economics is not important enough to warrant an investigation of this kind. The importance of the articulation process would thus appear even stronger in light of the responses from those historians of economic thought who elected not to complete the survey itself.

CHAPTER 12: CONCLUSION

A genuine first-hand religious experience like this is bound to be a heterodoxy to its witnesses, the prophet appearing as a mere lonely madman. If his doctrine prove contagious enough to spread to any others, it becomes a definite and labeled heresy. But if it then still prove contagious enough to triumph over persecution, it becomes itself an orthodoxy; and when a religion has become an orthodoxy, its day of inwardness is over: the spring is dry; the faithful live at second hand exclusively and stone the prophets in their turn. The new church, in spite of whatever human goodness it may foster, can be henceforth counted on as a staunch ally in every attempt to stifle the spontaneous religious spirit, and to stop all later babblings of the fountain from which, in purer days, it drew its own supply of inspiration.

William James, *Varieties of Religious Experience*

Summary of Findings

The purpose of this research has been to uncover the nature of heterodox economics, or more generally, that of dissent against the mainstream. An examination of the literature did not reveal consensus in this regard. As discussed in chapter two, history of economic thought textbooks displayed no consistency in the presentation of groups of thought or characteristics that might comprise heterodox economics, nor did these textbooks display consensus with respect to what non-mainstream economics might generally be called. This observation would not seem surprising, for as explained in chapter one, the final stage in the development of new ideas and in the chronology of publication is the textbook. Greater consensus is required for textbook publication than for the books and journal articles that comprise the secondary literature in order to ensure textbook adoption. Finding a complete lack of consensus, an examination of the previous stage in the chronology of publication, the secondary literature, followed.

The secondary literature, likewise, did not reveal consensus. To be certain, the concept of heterodox economics was significantly more developed than in the textbook literature. As chapter three, "Heterodox Economics in the Secondary Literature," demonstrates, a growing number of authors are employing the term heterodox, despite the observation that authors did not agree on the constituency or composition of heterodox economics. Chapters four through nine focused on different individual groups of thought determined by the preceding chapters, two and three, to be potentially heterodox. Here again, a solid consensus was lacking although the term heterodox was frequently employed. Indeed, the term was used as a descriptive tool in both the discussion of particular groups of thought and as a general gestalt. Consensus, however, did not emerge.

In the chapters containing the less questionably heterodox groups, the OIE in chapter five, Post Keynesianism in chapter seven, and Marxist/Radical economics in chapter eight, assertions of heterodoxy were clearly stated in the secondary literature, although the rationale behind *why* these groups should be considered heterodox was not. For those groups whose heterodox status appeared more tenuous, the Austrians (chapter four) and the New Institutionalists (chapter six), authors largely argued reasons why these groups should be considered orthodox as opposed to what heterodox characteristics they lack. As such, the secondary literature, while more consistent and cohesive than the textbook literature, did not clarify the nature of heterodox economics.

Although the nature of heterodox economics would not seem to have been fully resolved within the secondary literature, it would seem clear that heterodoxy exists. While this would not seem to amount to consensus as rather diverse interpretations of the research programs of the various groups persist, the secondary literature nevertheless offers a more developed conceptualization of heterodox economics than that which is presented in the history of thought textbooks. Indeed, the review of history of economic thought textbooks reveals dissent that is still described in even more generic terms, defining dissent through its opposition to and criticisms of the orthodoxy as opposed to the well-formed alternatives its constituent groups of thought might present. As such, it would appear that the concept of heterodox economics is beginning to take a more solid shape; that perhaps consensus, while currently in its nascent form, is beginning to emerge through the initial stages of the publication process, i.e. the secondary literature, and has not yet reached the level of consensus required for inclusion in the history of economic thought textbooks. In order to discover if a wave of consensus is building at the level of informal discourse, historians of economic thought were surveyed.

The results of the survey detailed in chapter eleven demonstrate that historians of economic thought do not agree on the nature of heterodox economics. While it would appear from the survey findings that historians of economic thought believe that the heterodoxy possesses a substantially different research program via different theories, methodologies, and frames of inquiry, historians of economic thought would seem reticent to explicate those

differences. The hesitation becomes particularly clear in the lack of specificity evidenced in the open-ended questions (see, for example, question twenty-two) which asked and allowed for a more detailed description of heterodox economics, as well as in the refusal to participate letters (chapter eleven) which explained the survey itself was too specific. Moreover, of the survey questions that asked pointedly which groups of thought might be considered heterodox, none of the groups of thought, with the exception of the Marxist group, garnered a significant consensus regarding the individual nature of their respective programs. Historians of economic thought clearly do not agree with respect to the nature and the constituency of heterodox economics.

As noted in the previous juxtaposition of the textbook and secondary literature, the difference between the secondary literature and the responses to the survey evidence a more advanced development of the idea of heterodox economics at the informal level of discourse. As such, it may be concluded that heterodox economics clearly offers a “different” program of study and thus embodies more than a collection of criticisms against the orthodoxy even though historians of economic thought clearly do not agree on what constitutes “different” by degree or by kind. While there remains significant work on the part of historians of economic thought with respect to the articulation of heterodox economics, it would appear from this examination of the chronological development of ideas – from the textbook literature through to the informal level of discourse measured by the survey – that a more cogent rendering of heterodoxy is unfolding. Indeed, the development of consensus regarding

heterodox economics would appear to be progressing in tandem with the growing calls for reform of the orthodoxy.

The Continuing Need for Articulation

Even after sifting through all of the various points of differentiation between orthodox and non-orthodox programs of study, coherent, tractable elements of a heterodox program do not appear across the board. The one element all potentially heterodox groups would seem to have in common is that of an expansion of the frame of inquiry, but it would not appear that a change in scope enough to be called heterodox. Indeed, the term “economic imperialism” is meant to disparage attempts on the part of the mainstream to study topics outside its normal realm with orthodox tools and techniques. Scope cannot offer a sorting device with the encroachment of the orthodoxy into topics beyond its normal purview – a change in scope while desirable would not appear to be enough. Instead, it would seem that the treatment of that expanded frame of inquiry, that is, the method and theoretical structure employed would therefore offer more reliable indicators of heterodoxy.

Of course, method or theory on its own would likewise not seem to present enough substance for a group of thought to be considered heterodox. A group of thought could, for instance, claim to employ a case study approach, but based on a narrow theoretical framework, keep the range of questions so restricted as to closely circumscribe the scope of study. Theory as well, could be constructed so as to endogenize variables and more closely approximate reality, however, if the basis of such construction is limited in scope and the method of

analysis, it would not seem substantially different from the current orthodoxy. Ideology, of course, could stand as a dividing line, not insofar as the content of a group's ideology, which could present far too many shades of gray as well as invite exclusionary tendencies, but as with the admittance of ideological influence on the study of the discipline. By itself, however, ideology, or more precisely, the admittance of an ideological undercurrent would be commensurate to a confession without absolution or even reconciliation with a broader heterodox economics program.

Undoubtedly, the sharpest criticism of the heterodoxy resides in the dominance of the orthodox paradigm and its exclusionary tendencies. The development of criteria in order to define heterodox economics might in fact seem counter to its primary purpose of reform or dislodgment of an entrenched orthodoxy and its replacement with a multi-paradigmatic discipline. It might as such seem hypocritical or antithetical for the heterodoxy itself to form its own well-defined paradigm. Indeed, pluralism would seem the healthier alternative in terms of the composition of the economics discipline. What cannot be ignored, however, is that at present the extent of pluralism is very limited in economics. Even if the orthodoxy were expanding in focus, the secondary literature and the existence of the various reform-oriented groups would seem to suggest that institutional barriers to alternative paradigms persist (see chapters two and three) and that undergraduate economics classes continue to present a mono-paradigmatic approach to the discipline. It would thus seem that the discipline of economics requires a nurturing of various ideas and groups of thought so that

and until the line between heterodoxy and orthodoxy quietly evaporates and pluralism has grown into its place. In order for such to happen, however, the various marginalized programs must stand together, demand consideration, and most importantly, continue to fully develop their respective research programs through increased interchange and introspection. Unification of a well-articulated heterodox economics research program would seem to serve this end. The examination of the secondary literature would seem to suggest that the ingredients for articulation are there. The survey results would appear to further support that consensus regarding the nature of the heterodox program is building. The growing call for reform would seem to suggest that the timing is right, indeed crucial, for such an articulated program to emerge.

Future Recommendations

Despite the pervasive lack of agreement, authors would seem to agree that the ultimate goal of the current heterodox movement is for reform of orthodox economics, or more specifically, the replacement of the tyrannical hierarchy in economics with a more pluralistic paradigmatic environment. Indeed, to aim to replace orthodoxy would amount only to the establishment of a new orthodoxy that threatens to become as stale and exclusionary as its present incarnation. It is argued that the path to pluralism resides in the clarification of the heterodox economics program so that eventually, the demarcation between heterodox and orthodox is no longer valid.

After examining the history of economic thought textbooks, the secondary literature, and the results of the administered survey, it would seem clear that

heterodoxy remains a rather nebulous and contentious concept. While the survey demonstrates that the concept of heterodoxy is still blurry, its conceptualization is more coherent than what appears in the textbook or secondary literature. Continued discourse is imperative. Increased articulation would add fuel and direction to the reform movement's fire. By so doing, the heterodoxy will then be strengthened and the orthodoxy forced to evolve, until that time when genuine pluralism might emerge and true intellectual discourse might begin. The search for articulation must continue.

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APPENDICES

APPENDIX A: COVER LETTER FOR INTERVIEWS



Department of Economics
Campus Delivery 1771
Fort Collins, Colorado 80523-1771
(970) 491-6324
FAX: (970) 491-2925

July, 2003

Dear Professor,

During the HES conference in Durham, NC this July, we will be conducting interviews in an attempt to elicit your expert opinion regarding a survey I plan to administer this fall. The survey, which asks several questions concerning the current status of heterodox economics, is an integral portion of my doctoral dissertation that aims toward an articulation of heterodoxy within the discipline.

We assume that historians of economic thought are in the best position to specify the nature of heterodox economics and contrast it to orthodox economics, if such a thing still exists. By surveying historians of economic thought from diverse backgrounds, such as North America, Australia, Japan, and Europe, we hope to assess the status of heterodox economics in the discipline.

Your participation is completely voluntary and your responses will be confidential (although your name will be linked with your survey). The interview should take only about 30 minutes of your time.

The results of this survey will be presented in a paper entitled "What is Heterodox Economics? A View from Historians of Economic Thought" at the January, 2004 conference in San Diego at a joint session of AFEE and ASE entitled *Concepts and Applications of Heterodox Economics*.

If you are willing to assist me with my research through an interview, please contact me by replying to this email, at (970) 491-6653, or through postal mail at the above address. I will work around your schedule to find a time for us to meet that is convenient for you. Thank you for your time and expertise.

Thank You,

Mary Wrenn, Ph.D. student
Colorado State University

J. Ron Stanfield, Ph.D., advisor
Colorado State University

Lou Swanson, Ph.D., PI
Colorado State University

APPENDIX B: INFORMED CONSENT FOR INTERVIEWS

Colorado State University Informed Consent to Participate in a Research Project

Title of project: What is Heterodox Economics? A View from Historians of Economic Thought

Name of Principal Investigator: Ron Stanfield, Ph.D., advisor & Lou Swanson, Ph.D., committee member

Name of Co-Investigator: Mary Wrenn, graduate student
Contact name and phone number for questions/problems: Mary Wrenn (970-491-6653)

Purpose of the research:

The purpose of this research is to refine a survey that will later be used to assess the status of Heterodox Economics through a survey of historians of economic thought.

Procedures and methods to be used:

You will be asked a series of questions that will appear on a later survey. Your responses to the questions and your feedback on the questions themselves will guide the remainder of this research project. Your name will be linked with your survey, but your responses will remain confidential.

Risks inherent in the procedures:

There are no known risks involved in this research project.
It is not possible to identify all potential risks in research procedures, but the researcher(s) have taken reasonable safeguards to minimize any known and potential, but unknown, risks.

Benefits:

As a participant, you may find the end results of this research interesting and/or pertinent to your own teaching agenda and/or research interests.

Confidentiality:

All records of your participation, whether verbal, written, or recorded will be maintained in a locked and secure location to insure confidentiality.

Liability:

The Colorado Governmental Immunity Act determines and may limit Colorado State University's legal responsibility if an injury happens because of this study. Claims against the University must be filed within 180 days of the injury.
Questions about participants' rights may be directed to Celia S. Walker at (970) 491-1563.

Participation:

Your participation in this research is voluntary and should only take 30 minutes. If you decide to participate in the study, you may withdraw your consent and stop participating at any time without penalty or loss of benefits to which you are otherwise entitled.

Your signature acknowledges that you have read the information stated and willingly sign this consent form. Your signature also acknowledges that you have received, on the date signed, a copy of this document containing 1 page.

Participant name (printed)

Participant signature

Witness to signature (project staff)

Date

Date

APPENDIX C: COVER LETTER FOR SURVEY



Department of Economics
Campus Delivery 1771
Fort Collins, Colorado 80523-1771
(970) 491-6324
FAX: (970) 491-2925

October, 28, 2003

Dear Professor,

Attached is a survey asking for your expert opinion concerning the current state of heterodox economics. The survey is an integral portion of a doctoral dissertation that aims toward an articulation of heterodoxy within the discipline.

You were randomly selected based on your membership in one of several different History of Economic Thought associations. We assume that historians of economic thought are in the best position to specify the nature of heterodox economics and contrast it to orthodox economics, if such a thing still exists. By surveying historians of economic thought from diverse backgrounds, such as North America, Australia, Japan, and Europe, we hope to assess the status of heterodox economics in the discipline.

Your participation is completely voluntary and your responses are confidential. The survey should take only 15 minutes of your time to complete. To access the survey, just click on the web link below. Doing so will signify your consent.

The results of this survey will be presented in a paper entitled "What is Heterodox Economics? A View from Historians of Economic Thought" at the January, 2004 conference in San Diego at a joint session of AFEE and ASE entitled *Concepts and Applications of Heterodox Economics*.

If you would prefer to receive and/or return the survey in hard copy form, please or if you have any questions or concerns, do not hesitate to contact me at (970) 491-6653, via email: mary_wrenn@hotmail.com, or through postal mail at the above address. Please submit or return your survey by October 1, 2003. Thank you for your time and expertise.

Thank You,

Mary Wrenn, Ph.D. Candidate
Colorado State University

Dr. J. Ron Stanfield, advisor
Colorado State University

APPENDIX D: INFORMED CONSENT FOR SURVEY

Colorado State University Informed Consent to Participate in a Research Project

Title of project: What is Heterodox Economics? A View from Historians of Economic Thought

Name of Principal Investigator: Ron Stanfield, Ph.D., advisor & Lou Swanson, Ph.D., committee member

Name of Co-Investigator: Mary Wrenn, graduate student

Contact name and phone number for questions/problems: Mary Wrenn (970-491-6653)

Purpose of the research:

The purpose of this research is to assess the status of Heterodox Economics through a survey of historians of economic thought.

Procedures and methods to be used:

You will be asked a series of questions regarding the current status of heterodoxy in economics. Your responses to the questions will provide important information regarding for this research project. Results of this survey will be presented in a paper entitled "What is Heterodox Economics? A View from Historians of Economic Thought" at the January conference in San Diego at a joint session of AFEE and ASE entitled *Concepts and Applications of Heterodox Economics*. Your name will be linked with your survey, but your responses will remain confidential.

Benefits:

As a participant, you may find the end results of this research interesting and/or pertinent to your own teaching agenda and/or research interests.

Confidentiality:

All records of your participation, whether verbal, written, or recorded will be maintained in a locked and secure location to insure confidentiality.

Liability:

Questions about participants' rights may be directed to Celia S. Walker at (970) 491-1563.

Participation:

Your participation in this research is voluntary and should only take 15 minutes. If you decide to participate in the study, you may withdraw your consent and stop participating at any time without penalty or loss of benefits to which you are otherwise entitled.

By clicking on the link below you acknowledge you have read the information stated and willingly consent to participate in this survey. You may print a record of this document containing 1 page.

APPENDIX E: FOLLOW-UP LETTER 1



Department of Economics
Campus Delivery 1771
Fort Collins, Colorado 80523-1771
(970) 491-6324
FAX: (970) 491-2925

December 2, 2003

Dear Professor,

We know how busy you are and appreciate your taking the time to read this letter. We were wondering if you have had an opportunity to review the survey on heterodox economics we recently sent to you. Your expertise with respect to this research is important to us, and we do not want your opinion to be left out.

Your participation is completely voluntary and your responses are confidential. The survey should take only 15 minutes of your time to complete. For your convenience, you can access the survey by clicking on the web link below. More information about this project is located at the same web link.

If you have any questions, concerns, or technical problems, please do not hesitate to contact us at 1-(970) 491-6653, via email: mary.wrenn@colostate.edu, or through postal mail at the above address. Thank you for your time and expertise.

Thank You,

Mary Wrenn, Ph.D. Candidate
Colorado State University

J. Ron Stanfield, Ph.D., advisor
Colorado State University

<http://lamar.colostate.edu/~vwrenn>

APPENDIX F: FOLLOW-UP LETTER 2



Department of Economics
Campus Delivery 1771
Fort Collins, Colorado 80523-1771
(970) 491-6324
FAX: (970) 491-2925

December 16, 2003

Dear Professor,

We know that this is a particularly busy time in the semester and we appreciate you taking the time to read this email. We were wondering if you have had an opportunity to review the survey on heterodox economics we recently sent to you. Your expertise with respect to this research is important to us.

Your participation is completely voluntary and your responses are confidential. The survey should take only 15 minutes of your time to complete. For your convenience, you can access the survey by clicking on the web link below. More information about this project is located at the same web link.

If you have any questions, concerns, or technical problems, please do not hesitate to contact us at 1-(970) 491-6653, via email: mary.wrenn@colostate.edu, or through postal mail at the above address. Thank you for your time and expertise.

Thank You,

Mary Wrenn, Ph.D. Candidate
Colorado State University

J. Ron Stanfield, Ph.D., advisor
Colorado State University

<http://lamar.colostate.edu/~vwrenn>

APPENDIX G: NON-RESPONSE QUERY



Department of Economics
Campus Delivery 1771
Fort Collins, Colorado 80523-1771
(970) 491-6324
FAX: (970) 491-2925

February 16, 2004

Dear Professor,

We appreciate you taking the time to read this email. A few weeks ago we sent you an email asking you to participate in a survey about heterodox economics and have not heard back from you. We are hoping to assess the systematic error among people who did not respond and would appreciate you replying to the email and answering the following 3 questions. Your participation is completely voluntary and your responses are confidential.

If you would like to fill out the survey instead, just click on the following link:
<http://lamar.colostate.edu/~vwrenn>

Please answer the following questions with:

- 1 – Strongly agree
- 2 – Agree
- 3 – Neutral
- 4 – Disagree
- 5 – Strongly disagree

- There was too little time for me to complete the survey.
- Heterodox economics is not important enough to warrant a study of this kind.
- I don't really feel qualified to discuss heterodox economics.

If you have any questions, concerns, or technical problems, please do not hesitate to contact us at 1-(970) 491-6653, via email: mary.wrenn@colostate.edu, or through postal mail at the above address. Thank you for your time and expertise.

Thank You,

Mary Wrenn, Ph.D. Candidate
Colorado State University

J. Ron Stanfield, Ph.D., advisor
Colorado State University

APPENDIX H: SURVEY INSTRUMENT

HET Survey:

What is Heterodox Economics?

If anyone is in position to specify the nature of heterodox economics and contrast it to orthodox economics, it is the historians of economic thought. By surveying historians of economic thought from diverse backgrounds, Europe, North America, Australia, Japan, we hope to assess the nature of heterodox economics.

Your participation is completely voluntary and your responses are confidential. The survey should take only about 15 minutes of your time to complete. When finished, simply click on the link below to submit your answers. Please complete the survey only once.

If you have comments on any question(s), please feel free to share them in the space provided at the end of the survey.

Which of the following classes in the field of the History of Economic Thought have you taught in the last 10 years? (check all that apply)

- History of Economic Thought/Theory
- Evolution of Economic Thought/Theory
- Recent/Modern Economic Thought/Theory
- Pre-Classical Economic Thought/Theory
- Comparative Economic Thought/Theory
- Economic Methodology

The Economic Thought/Theory of

History of Economic Thought/Theory in

Others (please list):

- Have not recently (last 10 years) taught a History of Economic Thought class
- Do not teach
- No longer teach

In any of your classes do you allocate any class time to a discussion of dissent from the orthodoxy? (please select one)

- Yes
- No

If so, approximately how many hours?

Which of the following schools of thought/methodologies would you consider as "orthodox/mainstream"? (check all that apply)

- Any classical liberal school or one that advocates laissez faire
- Any pro-capitalist school
- Chicago School
- Econometrics
- Formalized economics
- Neoclassical economics
- Walrasian General Equilibrium
- No orthodoxy exists

Others (please list):

In general, what does it mean to be a "heterodox" economist? (check all that apply)

- Rejection **by** orthodoxy
- Rejection **of** orthodoxy
- Substantial* dissent from the orthodoxy
- Disagreement with the orthodoxy
- Different from the orthodoxy
- "Heterodox" is a meaningless term
- Not sure

Other (please describe):

What qualifies a school of thought as "heterodox"? (check all that apply)

- Difference from the orthodoxy's methodology
- Difference from the orthodoxy's research agenda
- Difference from the orthodoxy's political leanings
- Difference from the orthodoxy's theory (ex: price, value, money)
- General criticisms of the orthodoxy
- Historical, cultural approach
- Interdisciplinary approach
- Rejection of rationality assumption
- Rejection of deductivist methods
- Rejection of positivism
- Rejection of abstraction
- Rejection of mathematization
- Rejection of econometrics
- Not sure

Other(s) (please describe):

Do you consider any of the following schools of thought to be "heterodox"? (please select one for each school)

	<u>Yes</u>	<u>Somewha t</u>	<u>No</u>	<u>Not sure</u>
Austrian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Behavioral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bio-economics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ecological	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Feminist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foundational	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Georgist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humanistic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marxist/Radical	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Neo-Ricardian/Sraffian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New Institutional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Original (Old) Institutional	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Post Keynesian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Choice/Virginia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social Economics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Socio-economics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Others you consider as heterodox (please list and describe):

No heterodoxy exists

Out of the group listed, please describe the following schools. Add any school upon which you wish to comment.

No heterodoxy exists

- Austrian
- Chicago School
- Formalized Economics
- Marxist/Radical
- New Institutional
- Neoclassical Economics
- Original (Old) Institutional
- Post Keynesian

Others (please list and describe):

How would you describe the state of the current orthodoxy/mainstream in economics? (check all that apply)

- Eclectic
- Narrow
- Expanding in focus
- Shrinking in focus
- No orthodoxy exists
- Not sure

How would you describe the current boundary between heterodoxy and orthodoxy in economics? (please select one)

- Blurry, many groups are in both
- Overlapping, heterodoxy and orthodoxy have some commonalities
- Sharp, distinct threshold between heterodox and orthodox
- Nonexistent
- Not sure

Are orthodoxy and heterodoxy in economics primarily separated by (check all that apply):

- Assumptions about human nature and economic institutions
- Attention to culture
- Attention to history
- Definition of variables
- Method
- Political ideology
- Use of econometrics
- Use of mathematics
- No separation exists
- Not sure

Others (please specify):

How would you characterize relations between orthodox and heterodox economists? (check all that apply)

- Decreasing antagonism
- Increasing antagonism
- Their work is complementary
- Their work is contradictory
- Nonexistent
- Not sure

Are **heterodox** economists predominantly committed to (check all that apply):

- Classical liberal (laissez faire) ideology
- Conservative ideology
- Modern liberal (welfare state) ideology
- Neoliberal ideology
- Capitalist ideology
- Socialist ideology
- Heterodox economists are not committed to a political ideology

Others (please specify):

Are **orthodox** economists predominantly committed to (check all that apply):

- Classical liberal (laissez faire) ideology
- Conservative ideology
- Modern liberal (welfare state) ideology
- Neoliberal ideology
- Capitalist ideology
- Socialist ideology
- Orthodox are not committed to a political ideology

Other (please specify):

Upon considering the research programs or paradigms of various schools of thought, how would you rate them according to coherence? (select the appropriate criteria)

- Austrian
- Chicago School
- Formalized Economics
- Marxist/Radical
- New Institutionalist
- Neoclassical Economics
- Original (Old) Institutionalist
- Post Keynesian

Others (please list and describe):

What is the main **strength** of the following schools of thought? (select the appropriate criteria)

- No heterodoxy exists
- Austrian
- Marxist/Radical
- New Institutionalist
- Original (Old) Institutionalist
- Post Keynesian

Others (please list and describe strength):

What is the main **weakness** of the following schools of thought? (select the appropriate criteria)

- No heterodoxy exists
- Austrian
- Marxist/Radical
- New Institutionalist
- Original (Old) Institutionalist
- Post Keynesian

Others (list and describe weakness):

What do you think is the current, overall status of heterodoxy within the US?
(check all that apply)

- Strong, influential force
- Growing in strength
- Present, but weak force
- Diminishing in strength
- Ineffective
- Too disjointed to tell
- Defunct
- Does not and has never existed
- Uncertain

Others (please describe):

In the future do you expect heterodoxy in economics to (select one):

- Make considerable inroads in the profession and policy making
- Gradually grow
- Maintain itself and its present position
- Gradually decline
- Disappear
- Not sure
- Heterodoxy does not exist in economics

Do you consider yourself and your work (select one):

- Heterodox
- Orthodox
- Neither
- Both
- The distinction is meaningless
- Not sure

Other (please briefly describe):

If you answered heterodox, what heterodox school(s) of thought?

Should heterodox economics interest historians of economic thought?

- Yes
- Depends/at times
- No
- Not sure

Broadly speaking, do you consider the history of economic thought to be heterodox?

- Yes
- Depends/at times
- No
- Not sure

In your own words, how would you describe the nature of heterodox economics?

Is History of Economic Thought your **primary** field of inquiry or research interest?

- Yes
- No
- Not sure

To which of the following **History of Thought** associations do you belong?
(check all that apply)

- Association Charles Gide pour l'etude de l'histoire de la pensee economique
- Dutch-Flemish Society for the History of Economic Thought
- European Society for the History of Economic Thought
- History of Economic Thought Society of Australia (HETSA)
- History of Economics Society
- Japanese Society for the History of Economic Thought

Others (please list):

To what **other** professional economics associations do you belong? (please list):

What is your current teaching status?

- Emeritus Professor
- Professor
- Associate Professor
- Assistant Professor
- Adjunct Professor
- Lecturer
- Instructor
- Grad student

Other/Not a teacher (please briefly describe):

With which university or college are you affiliated?

What is the highest degree(s) that you hold?

- Ph.D.
- Masters
- Baccalaureate
- Other (please specify):

In what year did you receive your highest degree?

Of which country are you currently a citizen?

- Australia
- France
- Germany
- Great Britain

Japan

The Netherlands

United States

Other (please indicate which):

In what country did you receive your highest degree?

Australia

France

Germany

Great Britain

Japan

The Netherlands

United States

Other (please indicate which):

What is your gender?

Female

Male

In what year were you born?

Did you find this survey useful?

Yes

No

Not sure

Thank you for your participation. Please provide any suggestions for improving this survey or any additional comments you wish to make.

If we may quote you from any portion of this survey, please mark the following box to signify consent.
Your responses will remain confidential otherwise.

Email address (please enter the e-dress to which the survey was sent) *
This is a required entry only to make certain we do not send you anything else.
Your email address will remain absolutely confidential no matter what.

Thank you for your time and expertise. When you have completed the survey, click on the submit button below to submit your responses.



Questions, concerns, or problems with the survey? Please contact me via email mary.wrenn@colostate.edu or by phone (970) 491-6653.